2004 | ANNUAL REPORT

# ONE ROAD MANY DESTINATIONS

Manitoba Public Insurance

May 12, 2005

Honourable Gordon Mackintosh
Minister Responsible for the Manitoba
Public Insurance Corporation
Room 104, Legislative Building
Winnipeg, MB R3C 0V8

Dear Minister:

In accordance with Section 43(1) of The Manitoba Public Insurance Corporation Act, I have the honour of submitting the Annual Report of the Manitoba Public Insurance Corporation for the fiscal year ended February 28, 2005.

Respectfully submitted,

**Shari Decter Hirst**

Chairperson of the Board

Manitoba Public Insurance

May 12, 2005

The Honourable John Harvard
Lieutenant Governor of the
Province of Manitoba
Room 235, Legislative Building
Winnipeg, MB R3C 0V8

May it please your honour:

I have the privilege of presenting the Annual Report of the Manitoba Public Insurance Corporation for the fiscal year ended February 28, 2005.

Respectfully submitted,

**Gordon Mackintosh**

Attorney General and Minister of Justice
Minister Responsible for
Manitoba Public Insurance

Manitoba

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Manitoba Public Insurance is a non-profit provincial Crown corporation that has provided basic automobile coverage since 1971. We assumed a much broader spectrum of services in 2004, when we merged driver and vehicle licencing into our operations. The corporation is governed by *The Manitoba Public Insurance Corporation Act* and *The Highway Traffic Act*.

Selected highlights of this annual report are available in French at **www.mpi.mb.ca**

Les grandes linges du rapport sonts présentées en français dans le site at **www.mpi.mb.ca**

## OUR MISSION

# WORKING WITH MANITOBANS TO REDUCE RISK ON THE ROAD

## AT MANITOBA PUBLIC INSURANCE WE VALUE...

### OUR CUSTOMERS

Our customers' interests are at the heart of everything we do. We balance the individual customer's needs with the needs of Manitobans as a whole. We base our relationships on respect, fairness, honesty and integrity. We safeguard the confidentiality of information and personal privacy. We are committed to the highest ethical standards and excellence in service.

### OUR PEOPLE

Our people are given the training, tools and encouragement they need to succeed. We provide a respectful, inclusive and safe environment where our staff is skilled, confident and committed to the Corporate Mission. We provide our people with clear and consistent direction. Our people have the authority they need to do their jobs, providing a sense of achievement from their work, and the opportunity for career growth and advancement. We encourage and support our people to make a positive contribution, both inside and outside the workplace.

### WORKING TOGETHER

We work co-operatively with each other and with our business associates, sharing expertise, ideas and resources. Each of us, in our daily work, creates a team environment, drawing on one another to do the best job possible. Our communication with one another is respectful, appropriate and helpful.

### FINANCIAL RESPONSIBILITY

Manitoba Public Insurance holds the funds of its policyholders in trust to meet their needs into the future. We will operate in a fiscally responsible and cost-effective manner, using investment income to reduce rates and provide long-term benefits to Manitobans.

### EXCELLENCE AND IMPROVEMENT

We constantly improve our products, services and procedures. As our customers' needs and the business environment continue to change, so must we. We value initiative, creativity and a strong desire for personal, team and corporate success in everything we do. We recognize and reward excellence and improvement in our work.

### OUR CORPORATE CITIZENSHIP

We lead by example, conducting our affairs responsibly and professionally. We contribute to the social and economic well-being of our communities as well as the sustainable development of Manitoba now and into the future.

## CUSTOMER SERVICE AND VALUE

- Sixth year in seven with no rate increase
- Handled record numbers of claims
- Opened two new claim centres in rural Manitoba
- Integrated driver and vehicle licencing operations without service interruption
- Business units met or exceeded Customer Service Standards 96.8 per cent of the time
- Returned 87 cents of every premium dollar to Manitobans in the form of claims benefits

## FINANCIAL MANAGEMENT

- Earned $94.9 million in investment income, reducing the cost of every premium by an average of $98 per policy
- Operating costs maintained at less than 50 per cent of the Canadian insurance industry average
- Protected Manitobans from unforeseen events and increased financial stability by increasing Rate Stabilization Reserve to $135.8 million
- Increased sales of Autopac Extension and Special Risk Extension products by 14 per cent

## ROAD SAFETY

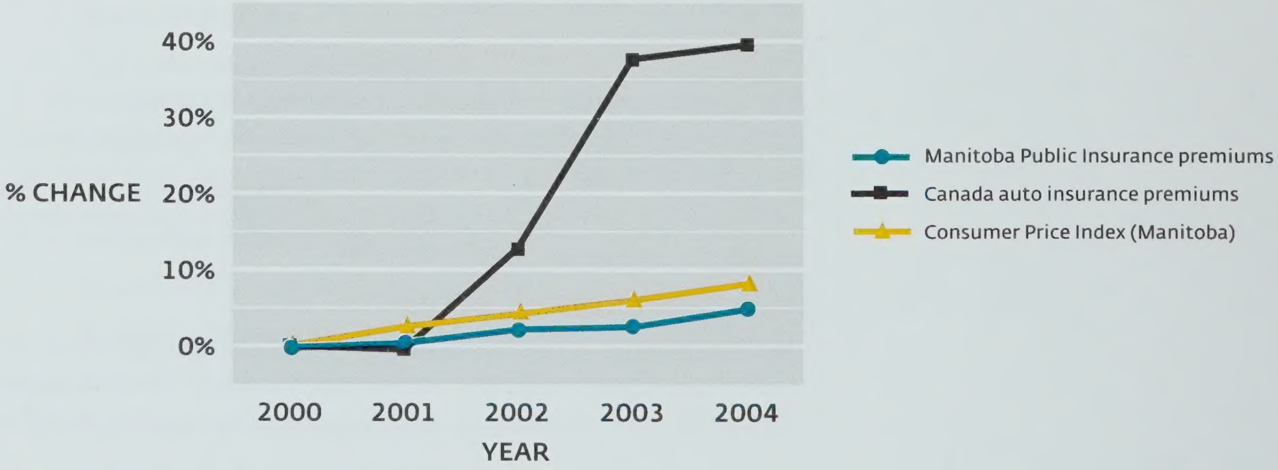
- Increased Driver Education enrolment to nearly 14,000 students
- Performed nearly 5,800 interventions to improve driving habits
- Participated in more than 300 presentations reaching over 15,000 Manitobans
- Strengthened partnerships in the community to deliver more accredited training in Manitoba than ever before

## ECONOMIC CONTRIBUTION

- Generated more than $618 million in economic activity and 10,000 direct and indirect jobs in Manitoba
- Returned more than $456 million to the Manitoba economy through the purchase of local goods and services
- Purchased $53 million more bonds to support Manitoba municipalities, schools and health care facilities, bringing total investment in this province to more than $850 million since 1971
- Provided funding and support to more than 150 community organizations

## AFFORDABLE, STABLE RATES

- Manitoba auto insurance premiums have grown at a slower pace than the Consumer Price Index and have increased significantly less than Canadian auto insurance premiums overall



Unless otherwise indicated, the following are 2004/2005 fiscal year totals, covering the period March 1, 2004 to February 28, 2005.

## "DOLLARS AND CENTS"

| | |
|---|---|
| Approximate Autopac claims incurred costs per working day: | **$2.0 million** |
| Total Autopac claims costs for injury and property damage, respectively (before expenses): | **$163.0 million and $347.6 million** |
| Amount paid by Manitoba Public Insurance to Manitoba medical practitioners on behalf of customers: | **$18.8 million** |
| Commissions paid by Manitoba Public Insurance to independent insurance brokers for product sales: | **$51.0 million** |
| Grants-in-lieu of taxes paid to Manitoba municipalities by Manitoba Public Insurance: | **$1.0 million** |
| Provincial premium taxes paid by Manitoba Public Insurance (2004 calendar year): | **$22.0 million** |
| Estimated savings to policyholders through use of recycled parts: | **$13.3 million** |
| Estimated direct savings to policyholders through subrogation: | **$13.5 million** |
| Dollars invested in road safety programs: | **$8.0 million** |

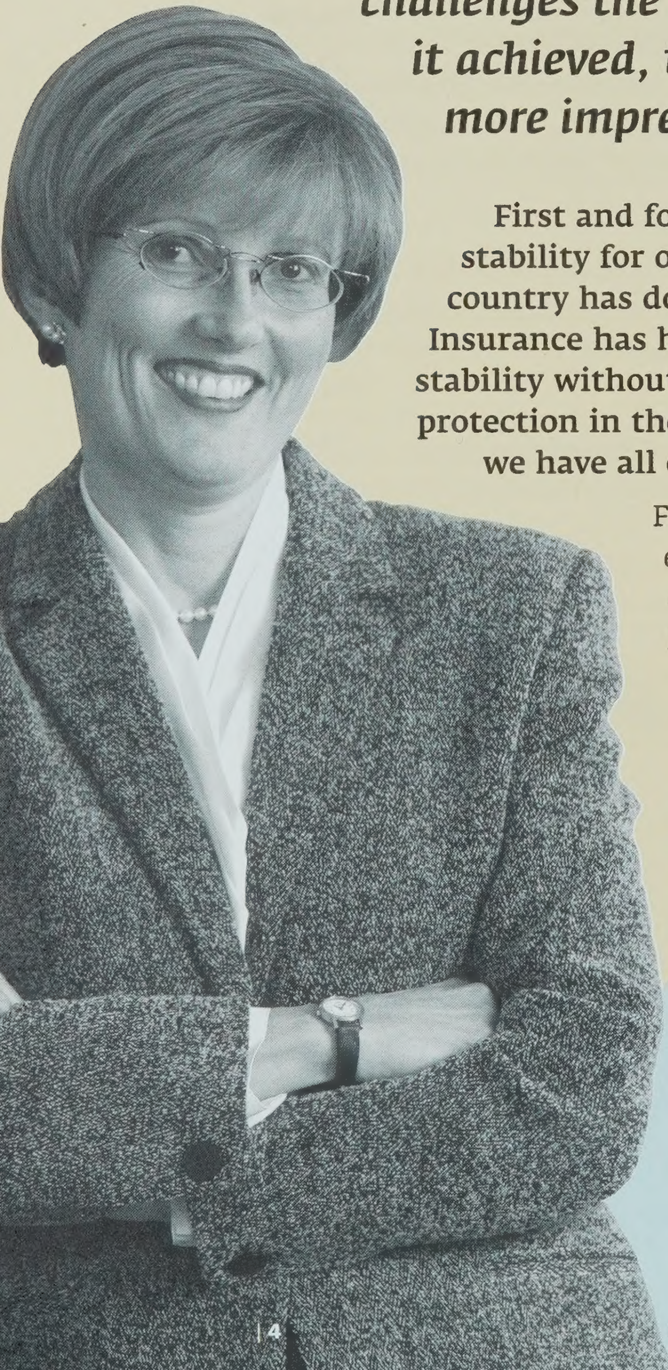
## "SIGNIFICANT NUMBERS"

| | |
|---|---|
| Average number of Autopac claims reported to Manitoba Public Insurance per working day: | **1,023** |
| Total Autopac claims reported: | **255,804** |
| Bodily injury claims reported: | **15,676** |
| Property damage claims reported: | **240,128** |
| Total theft claims reported in Winnipeg: | **8,998** |
| Total theft claims reported elsewhere in province: | **1,661** |
| Independent Autopac broker outlets, as of February 28, 2005: | **314** |
| Calls answered by Manitoba Public Insurance Call Centre: | **820,777** |
| Number of Autopac policies in force (2004 average): | **842,585** |
| Licensed drivers in Manitoba in 2004: | **728,571** |
| Average weekly visits to www.mpi.mb.ca: | **15,007** |

## FIVE-YEAR STATISTICS

| | 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| Premiums Written ($000) | 745,126 | 680,265 | 641,471 | 595,171 | 539,054 |
| Claims Incurred ($000) | 541,744 | 578,377 | 534,502 | 502,777 | 431,640 |
| Number of Claims | 255,804 | 243,401 | 227,259 | 239,753 | 226,968 |
| Average Cost per Claim ($) | 2,118 | 2,376 | 2,352 | 2,098 | 1,901 |
| Claims Expenses ($000) | 75,684 | 75,900 | 67,256 | 65,491 | 58,741 |
| Other Expenses ($000) | 133,855 | 116,802 | 108,922 | 98,298 | 100,016 |
| Income (loss) ($000) | 78,533 | 37,263 | (22,605) | (16,056) | 46,480 |
| Investments at Year-End ($000) | 1,625,022 | 1,446,417 | 1,263,090 | 1,168,865 | 1,151,983 |
| Total Assets ($000) | 1,970,078 | 1,767,615 | 1,558,435 | 1,431,476 | 1,402,456 |

# A year for public auto insurance to shine



***This was perhaps the finest year in the 33-year history of Manitoba Public Insurance. When you examine the challenges the corporation faced and the results it achieved, the year's performance is all the more impressive.***

**First and foremost, we lived up to our promise to provide rate stability for our customers as no other insurance company in the country has done. For six of the last seven years, Manitoba Public Insurance has held the line on insurance rates—and we enjoyed this stability without diminishing the most comprehensive basic insurance protection in the country, and without giving up the exceptional service we have all come to expect.**

Furthermore, we made significant strides forward in 2004. We expanded our mandate and welcomed about 300 new employees into the corporate family with the integration of Manitoba's driver and vehicle licencing services. We strengthened our bonds with major business partners by using technology to do business smarter, and we reduced corporate risk by strengthening our reserves and increasing our capacity to recover from major systems failures.

*"We returned 87 cents of every dollar in premiums paid back directly to Manitobans in the form of claims benefits—significantly better than the industry average."*

During this period, we said goodbye to a strong, devoted leader in Jack Zacharias, the man who led this company with distinction for a decade, and we marked the beginning of a dynamic future as we welcomed Marilyn McLaren as our new President and Chief Executive Officer.

Amid all of this change, our strength intensified. It was perhaps the most successful financial year in the company's history, with investment income well above projections, strong growth in our competitive lines and lower claims costs. Our operational effectiveness continued to keep our costs at less than half those in the private sector.

We returned 87 cents of every dollar in premiums paid back to Manitobans in the form of claims benefits—significantly better than the industry average. And we ensured the quality of our repairs continued to exceed international standards. While Manitoba represents four per cent of Canada's population, we account for 70 per cent of all Canadian repair shops certified as Gold Class by the Inter-Industry Conference on Auto Repair.

As we look back on a year of achievement, we look forward to the destinations ahead: maintaining our high standards of care and protection, investing in the future leadership of our workforce, and developing a service model that will meet the needs of Manitobans for decades to come.

We also face a formidable challenge: the need to rein in Manitoba's rising auto theft rate, a problem taking an ever-increasing toll on our society and siphoning more than $30 million from our ratepayers' pockets each year. It's time for Manitobans to join forces to reverse this troubling trend, and I know we will succeed.

No destination can be reached without a clear sense of where we are today and what we must be prepared to face on the road ahead. As you read through this report, you will see that our road map is based firmly on listening to and understanding Manitobans, and working with them to provide the very best insurance value in Canada.

I look forward to continuing on this journey with all of our partners in business and the community.

**Shari Decter Hirst**

**Chairperson of the Board**

## MANITOBA PUBLIC INSURANCE BOARD OF DIRECTORS

**Shari Decter Hirst**
Chairperson

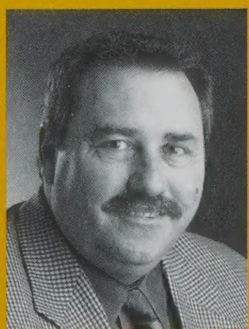
**Kerry Bittner**
Vice-Chairperson

**Ed Arndt**

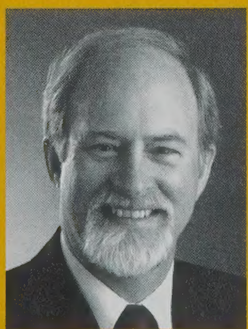
**Andrew Clarke**

**Annette Maloney**

**Manisha Pandya**



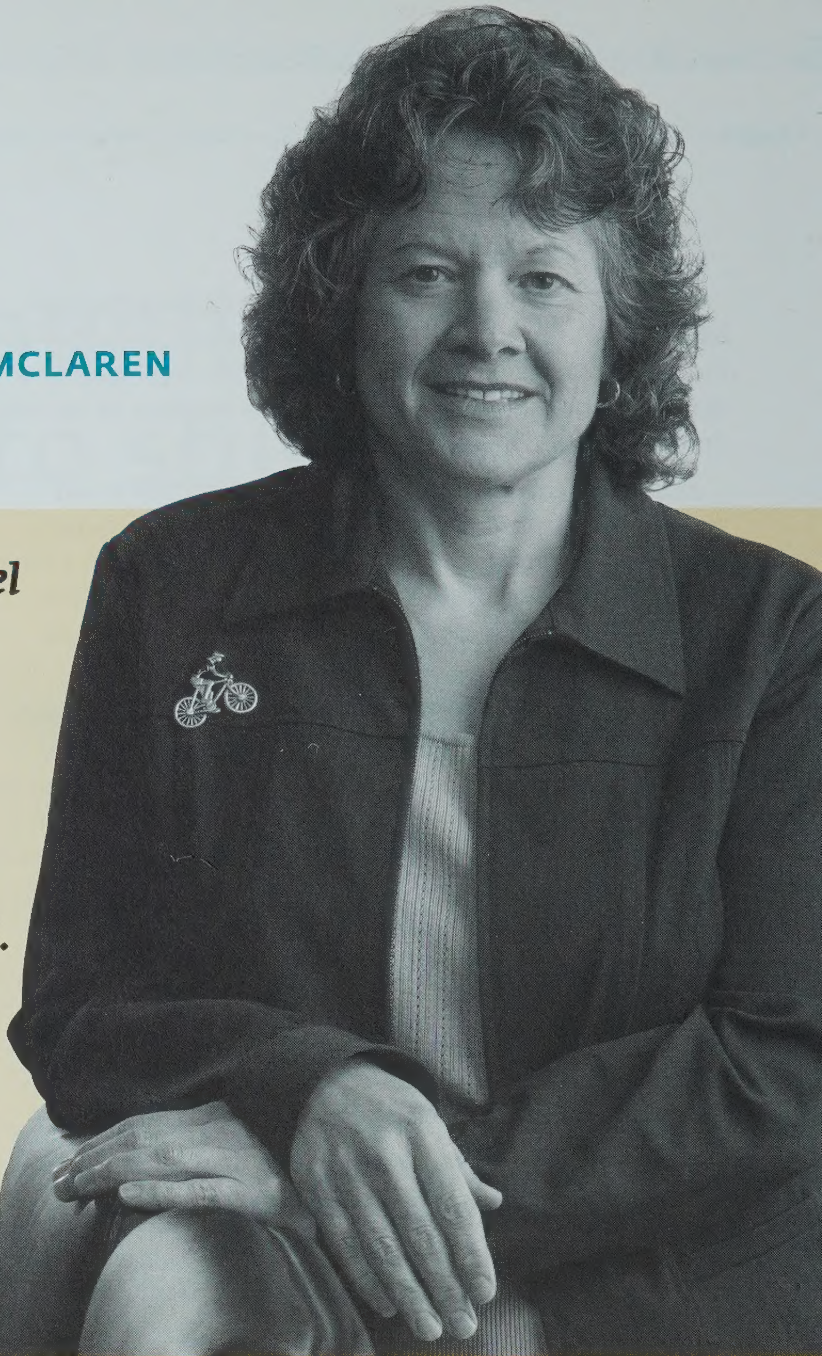
**Dale Paterson**



**Daryl Reid**

**Marilyn McLaren**
(Ex-Officio)

## A CONVERSATION WITH **MARILYN MCLAREN**



***Today a new leader is at the wheel of Manitoba Public Insurance, helping us navigate the road ahead. On these pages, she discusses the corporation's progress, our future destinations and our plans for moving forward.***

**Marilyn McLaren became President and Chief Executive Officer of Manitoba Public Insurance in October 2004, succeeding Jack Zacharias after his 10 years at the helm.**

She assumes this role at a time of significant change and opportunity. The integration of Driver and Vehicle Licencing in 2004 signals new potential to add value for Manitobans. Supporting these prospects are the corporation's solid financial performance and the proven advantages of public auto insurance.

# One road

Q&A

A CONVERSATION WITH MARILYN MCLAREN

**Q |** ***These are interesting times for the industry. In other provinces, relations between auto insurers and drivers have been very contentious. What does this mean to Manitoba Public Insurance?***

**A |** At times like this we appreciate just how fortunate we are to live in a province with public auto insurance. We have our share of challenges and we always will, but we can deal with them because we have the right fundamentals in place. We aren't hamstrung by profit motives and worries about share price. We aren't searching for the magic answer that will make our system work. We've had the answer for 33 years. While other provinces are struggling to fix their broken insurance systems, we're moving ahead.

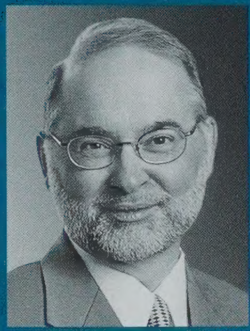
**Q |** ***You're very proud of our public auto insurance system. What makes it work?***

**A |** In my opinion, it's the most direct, most transparent, most effective route to what every province in this country is trying to achieve—guaranteed access to auto insurance.

Provinces without public auto insurance try to guarantee access in various ways. They control the price, the underwriting rules and the coverage. They set up things like facility associations to guarantee access, but they provide a very low level of coverage, typically $200,000 of third-party liability coverage. That level of coverage can financially devastate drivers and anyone they may hurt.

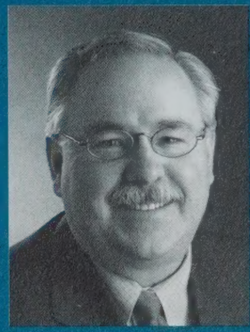
## MANITOBA PUBLIC INSURANCE EXECUTIVE

**Marilyn McLaren**
President &
Chief Executive Officer

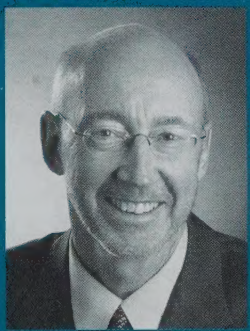


**Wilf Bedard**
Vice-President
Corporate Claims

**Clarke Campbell**
Vice-President
Corporate Information Technology &
Chief Information Officer

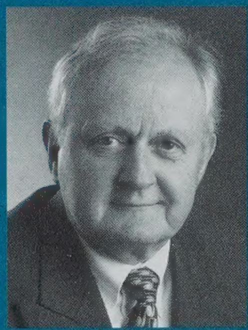


**John Douglas**
Vice-President
Corporate Public Affairs

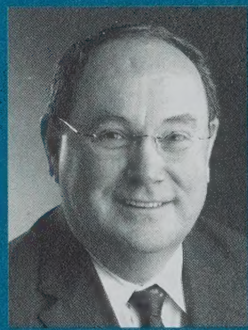


**Barry Galenzoski**
Vice-President
Corporate Finance
Chief Financial Officer &
Chief Administration Officer

**Dan Guimond**
Vice-President
Corporate Insurance Operations



**Kevin McCulloch**
Vice-President
Corporate Legal General Counsel & Corporate Secretary



**Charles Rogers**
Vice-President
Corporate Resources

# Many destinations

Provinces like Manitoba take a much cleaner approach. We've set up not-for-profit agencies that aren't allowed to turn anyone away. We specify by law the mandatory, universally available coverage people can expect to receive. We're also providing access to a higher level of coverage.

And, of course, there are built-in efficiencies. There is no obligation to pay financial returns to shareholders, or to spend a lot of money enticing consumers to buy your product. It works very much like a co-operative, in that members fund the system.

**Q |** ***What sets Manitoba's system apart?***

**A |** Low premiums certainly differentiate us from the rest of the country. But what really set us apart are our low deductibles.

More than 80 per cent of our driving population carries a deductible of $200 or lower—something you won't find in any other jurisdiction. In most parts of the country, deductibles of $1,000 or more are becoming the standard. For most people, a $1,000 deductible is a huge financial risk. Manitobans don't have to face that kind of financial volatility.

DESTINATION:

# Keeping pace with customer needs

**As a non-profit Crown corporation, we exist solely to serve our customers. Our entire organization is focused on providing the high-quality coverage, access and service Manitobans have come to expect, as well as the rate stability that has become the nation's gold standard.**

The key to consistent quality is performance measurement—a responsibility we take seriously. We apply 54 Customer Service Standards to the nearly 10 million contacts we have with customers every year. Our aim is to ensure service is consistently prompt, courteous, fair, responsive and complete.

When we created the standards in 2000, we asked front-line staff to set the bar at a level that would be acceptable to a reasonable customer. In 2004 we decided it was time to test these important yardsticks against real-life expectations. A comprehensive examination of our service standards program by Prairie Research Associates confirmed not only that we are measuring the right things, but also that our standards are consistent with what Manitobans expect from their insurance company. This study also concluded that our Customer Service Standards meet or exceed industry best practices.

The next challenge is to expand Customer Service Standards to driver and vehicle licencing operations. The new benchmarks will give DVL employees greater assurance that they are meeting customer needs, while tracking improvements in service and efficiency.

After three decades of successful service, we never stop striving to improve. One example in 2004 was the progression of the personal care assessment grid for our Personal Injury Protection Plan (PIPP). The method we use for determining claimants' needs is now more precise and more understandable for the claimant.

As our experience with PIPP grows, we find new and better ways to work with health-care partners and, as the program matures, claimant recovery begins to play a larger role. We'll build on this experience in 2005 as we continue to improve our business model and our service to all customers.

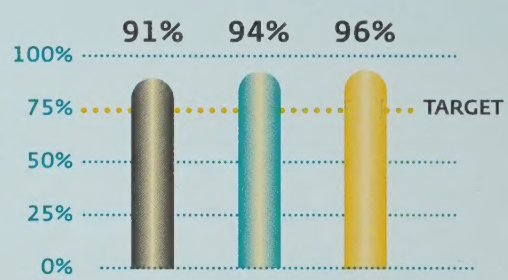
## CUSTOMER SERVICE STANDARDS PERFORMANCE

In 2004, our customers told us we met or exceeded our targets on key service standards over 90% of the time.

**STANDARD 4**
We will provide you with prompt service.

**STANDARD 10**
We will treat you courteously, politely and honestly.

**STANDARD 12**
We will accurately process your policy, account and claim transaction.




## Q&A
A CONVERSATION WITH MARILYN MCLAREN

**Q** | *"Value" is a word we often hear. What does it mean to this corporation?*

**A** | In the past year, the cost of auto insurance has been a big issue in many parts of Canada. Our low insurance rates are important to Manitobans but price isn't the only way they define value. For example, ask Manitobans if they would trade off quality coverage for low cost, and they'll pick coverage every time. They also care about the quality of service and access to our products and services. We have to find the right balance of all four of these factors—price, coverage, service and access.

**Q** | *What sort of questions should we be addressing now if we are to maintain that balance?*

**A** | Our programs have to keep pace with Manitobans' evolving needs and priorities. Consider those low deductibles I mentioned earlier. Manitobans are buying them because they want that kind of financial stability and we can provide them at a good price. But lower deductibles also mean more claims and processing, and that means higher operating costs. It's all part of the value equation that we have to work with Manitobans to continually redefine.

# Products and services at a glance

## INSURANCE

- Universal Basic Autopac coverage
- A wide range of optional coverages, including deductible buy-downs
- Bodily injury compensation for all Manitobans injured in motor vehicle collisions anywhere in North America, regardless of fault
- Special Risk Extension products for commercial fleets and special needs

## DRIVER AND VEHICLE LICENCING

- Licencing of all classes of drivers
- Vehicle registration, inspection and standards enforced
- Driver testing for knowledge, skill and physical ability
- Intervention to protect Manitobans from unsafe driving habits
- Regulation of auto dealers, sales people, recyclers and driving schools

## CONVENIENT SERVICE

- Partnership with more than 300 independent insurance brokers
- Claim service through 22 locations in 13 communities, plus telephone service and road runs to more than 72 communities
- Driver and vehicle licencing services through 10 outlets and 147 agents in 123 communities
- Mobile driver testing units serving 69 communities

## ROAD SAFETY PROMOTION

- High school Driver Education program in 114 communities
- Public education campaigns
- Province-wide accredited safety training and in-school safety from pre-school to Grade 11
- Certified training courses for motorcycles, snowmobiles, off-road vehicles and senior driving

Vehicle inspector Sam Samas (left) helps enforce provincial standards aimed at keeping Manitobans safe on the road. The corporation's services help reduce the risk of collisions, as well as the risk of suffering personal harm without financial support.

**Q |** ***You've been with the company for more than 25 years, progressing through many different positions and areas of the company. Have you learned anything new about the corporation since becoming president?***

**A |** I've learned more about the challenges confronting the people on our front lines—the people who must deal with the onslaught of claims following a severe winter storm, or the unprecedented number of brain injuries we saw in Manitoba in 2003. I've been struck by not only the pressures associated with those challenges, but the actual depth of an organization that can continue delivering high-quality, comprehensive service in the face of those challenges.

***"We aren't searching for the magic answer that will make our system work. We've had the answer for 33 years."***

# Putting the brakes on auto theft

**Manitoba's auto thieves don't so much steal cars as grab easy thrills. They're kids, often as young as 11, rarely older than 18. They don't really want the vehicle—they want the joyride and pumped up reputation they can get after a few seconds with a screwdriver. The car is just the way to get there.**

It isn't surprising, then, that nine in every 10 vehicles stolen in this province are recovered within 48 hours. It's older vehicles—not newer, more expensive models—that are stolen most often. And certain models get stolen far more often than others. The 50 most-stolen types of vehicles in Manitoba represent 56 per cent of total thefts, yet only 11 per cent of the provincial fleet. These are the cars thieves know how to steal.

The actions of car thieves may be impulsive and juvenile, but the consequences can be tragic. The crime takes a toll on many youth, trapping them into a lifetime of restitution payments and correctional facilities.

And the threat to community safety goes much further. Manitobans were outraged in 2004 when youths began launching driverless stolen vehicles like missiles down alleyways and over rivers. Reckless incidents like these have spurred Manitoba Public Insurance to put more emphasis on this difficult challenge in 2005.

We believe it's important to identify youth at risk of getting involved in auto theft, and to provide paths to ensure they do not. We also believe that measures must be taken to control chronic auto thieves. That means more monitoring and supervision of those most likely to continue stealing. But this solution, while effective, is not sustainable over time.

The permanent solution is frustratingly simple. The surest way to protect a vehicle is to install an electronic immobilizer, a device that disables a car's ignition system so it can't be hot-wired. To date, no car thief across Canada has defeated an approved, national-standard immobilizer. To encourage this form of protection, Manitoba Public Insurance has been offering financial incentives to drivers who use immobilizers since 2000.

In 2004 we spearheaded a national push to make immobilizers standard equipment in all new vehicles, and the federal government listened. Early in 2005, new legislation made immobilizers mandatory for all cars manufactured after September 2007.

While the federal law is a big step forward, Manitoba must move ahead faster. Our most commonly stolen autos are often 14 years old, so vehicles most at risk may not be factory-protected until 2022. By that time, auto theft could cost this province more than $600 million.

We can identify the vehicle owners most at risk of auto theft in this province. In 2005, the question we must answer is how we can help these Manitobans make the simple and prudent decision to keep their cars safe from car thieves.

In this province, auto thieves are rarely older than 18 and usually steal cars for kicks. It's a unique problem calling for made-in-Manitoba solutions.

A Manitoba Public Insurance anti-theft team is working at the local and national level to bring the crime under control. Barry Ward, Auto Theft Co-ordinator (inset, left), and Tim Arnason, Director of Auto Theft Prevention Operations, inspect a damaged steering column on a vehicle that was stolen and later recovered.

## Q&A

A CONVERSATION WITH MARILYN MCLAREN

**Q |** ***Auto theft is a big problem all across Canada. How is it affecting Manitoba Public Insurance?***

**A |** Auto theft creates extra cost for the corporation, but what really concerns me is the cost to the community. A stolen vehicle can be a terrible hardship. You wake up in the morning to find your car gone. You can't get your kids to day care, you're late for work, you can't take your mother to her medical appointment. And when your car is recovered, you can never know exactly what it's been subjected to.

About 10,000 drivers are victimized this way every year. Add to that the inconvenience of their family members, and the danger to anyone who happens to encounter a stolen vehicle or a theft in progress, and you have a problem that affects a very large segment of our population.

On top of that, every year we see people seriously injured or killed because of crashes related to auto theft. And young auto thieves are derailing their lives because they're making some really bad decisions as young as age 13. Those are the issues around auto theft that I think are absolutely critical.

*About 84 per cent of auto thefts occur in Winnipeg. Nearly 80 per cent of the vehicles stolen are more than 10 years old.*

## Auto theft by the numbers

| | |
|---|---|
| Increase in Manitoba auto theft rate in 2004[1] | 24.8% |
| Increase in Winnipeg auto theft rate in 2004[1] | 31.4% |
| Drop in rural Manitoba auto theft rate in 2004[1] | -1.1% |

### THE ODDS OF THEFT

| | |
|---|---|
| If you live in rural Manitoba[2] | 1 in 159 |
| If you live in Winnipeg[2] | 1 in 52 |
| If you own a 1990-1994 Dodge Caravan, Plymouth Voyager or Jeep Grand Cherokee—the three types of vehicle stolen most frequently in Manitoba[2] | 1 in 11 |
| If your vehicle is equipped with an immobilizer[2] | 0 |

### THE ECONOMIC TOLL

| | |
|---|---|
| Cost of Manitoba total auto theft claims in 2004[3] | $37.6 million |
| Number of total theft claims in Manitoba in 2004[3] | 10,659 |

### THE HUMAN TOLL

| | |
|---|---|
| Non-fatal injuries related to auto theft in Manitoba in 2004[1] | 68 |
| Deaths related to auto theft in Manitoba in 2004[1] | 4 |

1 Calendar year ended December 31, 2004

2 Based on the number of insured vehicles in Manitoba and the number of thefts between 2002 and 2004 for each of the 500 most popular make, model and year combinations

3 Physical damage costs for total thefts in fiscal year ended February 28, 2005

**Q |** ***What's it going to take to turn this problem around?***

**A |** We're working with law enforcement and community groups to tackle all aspects of the problem, from rehabilitation to the root causes. This year we created a new position, Director of Auto Theft Prevention, to bring stronger co-ordination to these efforts.

The bottom line is that vehicles are stolen because they can be stolen. It's been proven that the only real solution is to equip vehicles with electronic ignition immobilizers. In 2004 Manitoba Public Insurance solidly made the case for why immobilizers are necessary. In 2005 we need to talk about how to convince people to use them.

When the federal government recently introduced its bill making immobilizers mandatory in all new vehicles by 2007, it acknowledged that this is a national imperative. But we need to move faster—particularly in Manitoba, where we tend to drive older vehicles. We also have to keep this issue in perspective. In this province, auto theft is almost entirely a Winnipeg problem.

***"Vehicles are stolen because they can be stolen. The only real solution is to equip vehicles with electronic ignition immobilizers."***

# Making the most of the DVL integration

**In a year of achievement, one major milestone stood out: the transfer of Driver and Vehicle Licencing (DVL) from the provincial government to Manitoba Public Insurance. It had long been recognized that our common goals and complementary services presented many potential synergies. By the end of 2004 we were one organization, offering a full range of driver services and far more potential to add value for Manitobans.**

As the merger came into effect, 300 DVL employees were welcomed to Manitoba Public Insurance with a series of training and orientation sessions aimed at easing the transition. The integration continued seamlessly without any interruption in service.

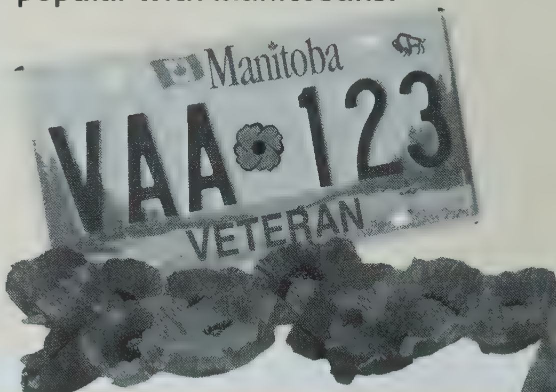
Throughout this change, DVL continued to move ahead with service advancements. In November 2004, Manitoba introduced a special licence plate honouring veterans and peacekeepers. DVL also enhanced its Driver Improvement and Control Program to allow earlier and more meaningful intervention with problem drivers, and continued to expand reciprocity agreements with other jurisdictions.

In the year ahead our focus will turn to the long-term opportunities of the DVL integration. Our Business Process Review Committee will take a close look at how the merged organization can become more than the sum of its parts. Similar amalgamations in British Columbia and Saskatchewan have resulted in tangible improvements in customer service, efficiency and cost reduction. We will be working with our business partners and stakeholders—including brokers, employees, consumers, the transport industry and the safety community—to determine how we can realize those same advantages here.

One of the first tasks at hand is to develop a lasting vision for the province's licencing system, which has remained largely unchanged since the early 1990s. In years to come, Manitobans can look forward to enhanced security, an improved delivery system and greater harmony with new North American standards. There is also opportunity to bring greater speed and efficiency to record-keeping and document-processing systems using computer systems now in place at Manitoba Public Insurance.

The business of integration also continues on the regulatory front. In 2004 the provincial government and Manitoba Public Insurance worked together to draft *The Driver and Vehicle Act*, a new piece of legislation that will give us the authority to administer driver and vehicle licencing functions. The Manitoba

**Veteran licence plates, introduced in 2004, proved exceedingly popular with Manitobans.**




**Bernice Renwick** of DVL Medical Records helps a customer test her vision. Vision testing and other driver and vehicle licencing services were integrated into Manitoba Public Insurance in 2004. The merger is aimed at creating powerful new synergies that will keep roads safe while reducing costs and improving customer service.

## Q&A

A CONVERSATION WITH MARILYN MCLAREN

**Q** | *This was the year that Driver and Vehicle Licencing merged with Manitoba Public Insurance. What does the integration of these services mean to Manitobans?*

**A** | Manitoba Public Insurance has long maintained that integration of our two operations would be a good thing. In its ruling this year, the Public Utilities Board agreed. This amalgamation allows us to cover a much broader spectrum of services, all aimed at bringing greater safety and certainty to the use of our roads and our quality of life here in Manitoba. Safe driving has always been one of our main concerns, for both business and societal reasons. Now we'll have more of the factors at our control. It's also going to mean better alignment of our insurance and licencing systems, with more potential to enhance customer service through technology and scale.

**Q** | *Does efficiency mean job loss?*

**A** | We've made a written commitment that no permanent jobs will be lost as a result of this amalgamation. Many people are planning to retire within the next few years, and that's going to open new and better opportunities right across the corporation. The work of some people will change and change is never easy, but our newest employees have been very willing to learn about us and work with us. I really appreciate their trust and open-mindedness, and I am confident that everyone will be accommodated.

government will continue to regulate many DVL activities after the Act comes into effect—for example, it will still set the standards for driver and vehicle fitness, rules of operation, fees and appeals.

While the merger presents many opportunities, they will not be fully realized unless the staff and partners of Manitoba Public Insurance begin to think of the corporation in new ways. It's important to articulate a new vision that reflects the full scope of our role and the importance of partnership. We began the new fiscal year guided by a new mission statement: "Working with Manitobans to Reduce Risk on the Road." As we embark on the next stage of our evolution, we look forward to exploring many new ways of fulfilling this vision.

## A natural evolution

| | |
|---|---|
| 1908 | Manitoba begins issuing driver licences and registering vehicles |
| Early 1950s | Motor Vehicle Branch is created to administer driver licencing, vehicle registration and safety programs |
| 1971 | Manitoba Public Insurance opens its doors, providing mandatory insurance for all registered vehicles |
| 1981 | Manitoba Public Insurance begins Road Safety program in keeping with founding objectives |
| 1984 | Motor Vehicle Branch becomes Division of Driver and Vehicle Licencing (DDVL) |
| 1987 | High school driver education, snowmobile and bicycle safety, and vehicle inspection programs are transferred from DDVL to Manitoba Public Insurance |
| 1994 | Manitoba Public Insurance introduces the Personal Injury Protection Plan |
| 1995 | Autopac On-Line is launched, providing real-time and convenient transactions for brokers and customers |
| 2002 | Graduated Driver Licencing program is unveiled in a joint effort between DDVL and Manitoba Public Insurance |
| 2004 | Manitoba Public Insurance and DDVL merge with aim of improving customer service and efficiency. |

**Q** | *So where does the integration go from here?*

**A** | In 2005 we'll be working very aggressively on a business process review that will help us determine where the best opportunities are and which ones we should pursue first. One thing is certain: We have an aging driver's licence system and an aging licence photo system that have to be dealt with. We have teams working right now to figure out how to best address those urgent requirements.

When the integration is completed, I think Manitobans will see the most tangible improvements in the area of road safety. For example, we have the opportunity to forge much stronger links between the financial incentives for good drivers in our insurance programs, and the monitoring and corrective efforts of our Driver Improvement and Control Program. By working together, we can provide much stronger incentives for the kind of safe road behaviour that everyone wants and supports.

***"Safe driving has always been one of our main concerns, for both business and societal reasons. Now we'll have more of the factors at our control."***

# Safe roads, strong partnerships

**Every morning, crossing guards are on busy streets helping youngsters navigate their way to school.**

Every weekend, concerned neighbours patrol streets and back lanes to lend additional eyes and ears to the cause of crime prevention.

Meanwhile, families out for a summer walk are protected by Manitobans armed with speed display boards, reminding motorists that 10 kilometres over a residential speed limit is 10 kilometres too fast.

Throughout this province, Manitobans are volunteering thousands of hours to make their communities safer. Their proud partner in these efforts is Manitoba Public Insurance. In 2004, we provided more direct road safety training and promotion than in any year in the corporation's history.

Today more than 125,000 Manitoba students are educated about road safety as part of their health/physical education training through a curriculum we developed in partnership with the provincial department of education. In high school they learn the basic principles of physics from a textbook developed using road safety examples.

We also run the largest voluntary driver education program in North America, training nearly 14,000 students in more than 100 locations throughout Manitoba.

While creating a new generation of road-wise Manitobans is a primary goal, the corporation aims its programs at all demographic groups. In partnership with emergency-measures organizations, we've developed a network of centres to conduct child car seat safety checks. Other specialty programs target pedestrians, bicycles, snowmobiles, off-road vehicles and seniors.

In 2004, this increased awareness was backed up by earlier and more direct intervention. Traditionally, Manitobans with long driving histories could receive several speeding tickets or even be involved in a number of collisions without any notification of the increased risk they posed to themselves and others on the road. This year the corporation enhanced its driver improvement and control program to warn at-risk drivers at much earlier stages.

Manitoba Public Insurance is just one partner in provincial road safety. While it leads in education, awareness and community mobilization, it leaves the work of enforcement and engineering to organizations with the expertise and legislative authority.

It's a role Manitobans endorse. Consistently, more than 80 per cent of Manitobans believe Manitoba Public Insurance should be involved in efforts to make driving safer. About two-thirds say the corporation has been successful in addressing major road safety issues.


The 60 Second Driver, hosted by Driver Education Manager Lou Cervino (right) and CTV Winnipeg's John Sauder (left), is part of a well-received advertising campaign aimed at helping all ages become better drivers. Surveys in 2004 showed that Manitobans considered these ads more useful, relevant and effective than any other campaign to date.

## Q&A

A CONVERSATION WITH **MARILYN MCLAREN**

**Q** | *This year Manitoba Public Insurance developed a new mission statement—"Working with Manitobans to reduce risk on the road." How does this change reflect the corporation's changing role?*

**A** | In most ways, the new mission statement is similar to the old one ("Protecting Manitobans from the human and economic cost of automobile accidents"). Both speak about insurance protection. Both speak about mitigating financial risk and the likelihood of serious injury. But the old mission statement didn't reflect our new responsibility for Driver and Vehicle Licencing.

And perhaps more importantly, it didn't reflect the importance of partnership. We can't protect Manitobans from the hazards of the road on our own. Nor should we pretend we can. Shared commitment and individual action are what keep our roads safe.

**Q** | *What do you see as the role of this corporation in the community?*

**A** | Our economic impact is immeasurable. In broker commissions alone we add \$51 million to the provincial economy each year. Last year we generated over \$243 million in payments to repair shops and medical practitioners. As one of Manitoba's largest corporate citizens, we are also proud supporters of many community-based organizations.

More importantly, the people of Manitoba Public Insurance are a force

***Each year more than 300,000 Manitobans are directly touched by safety programs initiated by the corporation.***

to be reckoned with. We're 1,700 people who keep donating more to the United Way every year, 1,700 people who respond to causes like the tsunami relief, 1,700 people who contribute time and energy to help our communities thrive. It feels exciting to be part of an organization like that, and I know we have enormous potential to do even more.

***"We can't protect Manitobans from the hazards of the road on our own. Nor should we pretend we can."***

# Priorities and progress

## SPEED:

**One of the most-reported factors associated with crashes**

Too many people think that speeding means going faster than the posted speed limit. Manitoba Public Insurance has worked hard to help drivers understand that speed limits are the maximums for optimal conditions. Drivers need to drive to weather, road and traffic conditions.

## IMPAIRED DRIVING:

**Multi-pronged approach is working**

Enforcement, community partnerships and social marketing have reduced the proportion of alcohol-related driver fatalities in Manitoba to 33 per cent from about 60 per cent in 1987. Manitoba Public Insurance joins forces with many organizations to raise awareness, and provides Manitobans with safe alternatives through sponsorship of programs like Operation Red Nose, Safe Grad and Designated Driver.

## SEATBELTS:

**Manitobans are realizing that seatbelts save lives**

After years of lagging behind the rest of the country, Manitobans are starting to buckle up. In 2001, Manitoba had the worst rating for seatbelt use among Canadian provinces (82.3 per cent) based on Transport Canada statistics. By 2003, urban Manitobans were belting up 87.6 per cent of the time. In rural Manitoba, seatbelt wearing rose from 80.8 per cent in 2003 to 90.3 per cent in 2004—the best rural rating in Canada.

Despite this improvement, every unbuckled seatbelt remains a concern. Upon impact, someone not wearing a seatbelt may be thrown around or from the vehicle, causing brain trauma and other serious injuries that can change families forever.

That's why Manitoba Public Insurance partners with other safety-minded organizations to increase seatbelt use. Educational tools showcased in 2004 included the roll-over simulator—a truck mounted on a platform that flips to show how easily drivers and passengers can be thrown from a vehicle when they aren't belted.

# Making dollars work harder for Manitobans

**Above all else, we're an insurance company. That means we must build financial reserves that help keep rates stable and ensure funds will be there when our customers need them.**

Manitoba Public Insurance maintains two kinds of reserves:

- **The Basic Rate Stabilization Reserve** (RSR) provides the financial resources to protect Basic Autopac rates from volatility caused by unexpected events. This fund is primarily built from surpluses generated by our competitive lines of business—Autopac Extension and Special Risk Extension. We have no need to generate shareholder returns, so we can channel profits into the RSR.
- **Funds for unpaid claims** are held in reserve to meet the ongoing needs of claimants. A single catastrophic injury can require several million dollars of assistance throughout a claimant's lifetime. That means Manitoba Public Insurance must maintain funds to pay these claims through a managed, stable investment portfolio. This reserve grows by $100 to $200 million per year to meet new claims needs, and is invested in Manitoba community-based bonds to the extent of demand. Income from this investment flows directly to the corporation's bottom line to help reduce the cost of every Basic Autopac premium and keep our insurance rates among the lowest in Canada.

Finding the right balance in these reserves is a significant challenge. For example, at the end of the 2004 fiscal year, we had an unexpected net profit of $78.5 million because of a number of unforeseen factors. It was a welcome development, consistent with the performance of the insurance industry as a whole, but it also reflected how unpredictable an insurance company's bottom line can be.

When we consider the volatility of financial markets and the risks Manitobans face on the roads, the importance of reserves is clear. One of our tasks for 2005 is to ensure reserve levels remain adequate to meet Manitobans' future needs.



Beausejour Adjuster Marc Loechner discusses plan with claimant

## Q&A

A CONVERSATION WITH MARILYN MCLAREN

**Q** | ***What's the greatest challenge facing our employees right now? Where does the corporation need to focus its energy?***

**A** | We're in an enviable position. Elsewhere in Canada, the private auto insurance business has been experiencing a crisis of confidence. But for this corporation, there are no burning platforms or insurmountable difficulties ahead. Our priority right now is to simply keep proving to Manitobans that their confidence in us is well-placed. There are some pressing difficulties in terms of issues like auto theft, and making sure we can maximize the opportunities of our integration with Driver and Vehicle Licencing. And it's always a challenge to keep evolving with the times, as Manitobans' expectations and the environment change. But in terms of where our attention needs to be, it's always our core business. That means continuing to provide the value and the high quality products Manitobans have come to expect and, on the claims side, servicing our customers as no one else does.

***"Our priority right now is to simply keep proving to Manitobans that their confidence in us is well-placed."***

# Using technology to do business smarter

**While personal service is our hallmark, technological change is the key to improved efficiency, data protection and future customer service enhancements.**

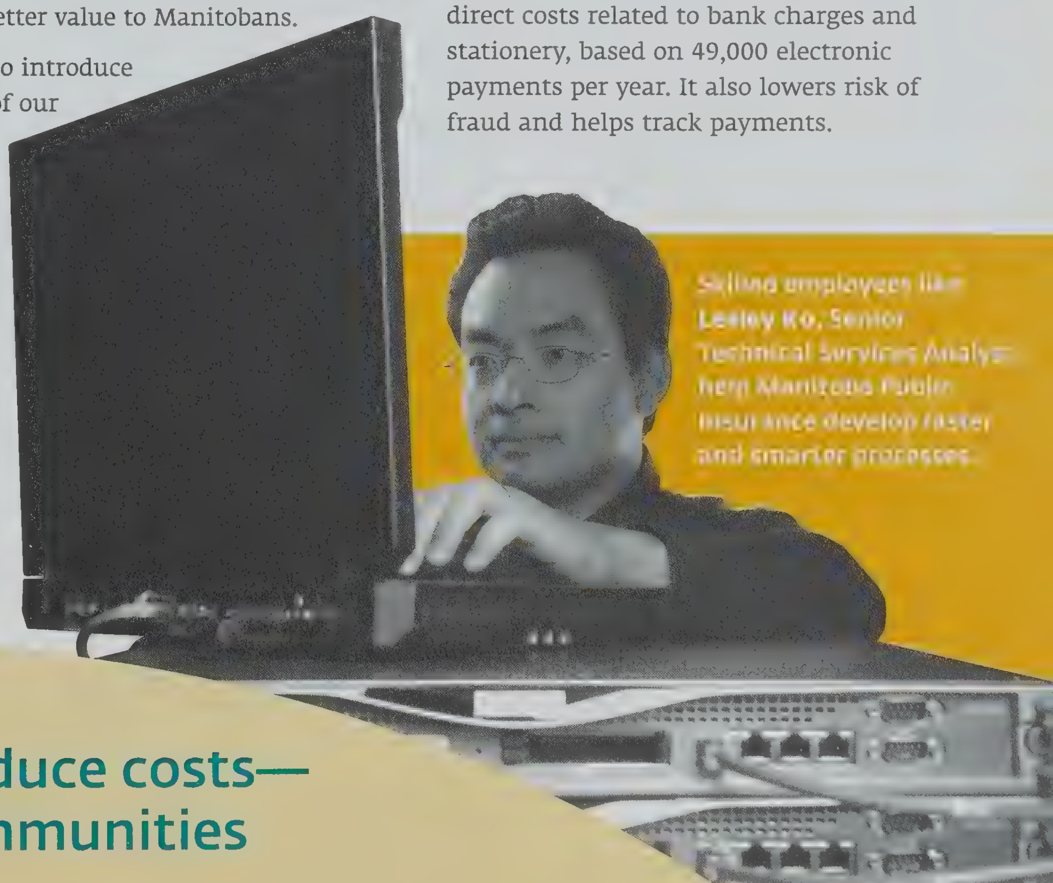
In 2004, we opened a new **disaster recovery centre** with the aim of reducing down time and better protecting our information systems in the event of a disaster. Joining forces with the Manitoba Liquor Control Commission, we were able to achieve these benefits at a substantial saving. It allowed Manitoba Public Insurance to cancel a $600,000 annual contract with an out-of-province company, and created a template for Manitoba Crown corporations to work together and provide better value to Manitobans.

Technology also enabled the corporation to introduce important service improvements with two of our valued business partners in 2004. An **Internet-based portal** now links the corporation with two of our major customer service networks: the 314 independent insurance brokers distributing our products, and our 22 claims centres. In its first eight months, the broker portal application attracted 2.5 million hits as Autopac agents obtained forms and manuals, and calculated rates online.

The claims portal application streamlines Auto Loss of Use transactions between the company and rental car companies. The online system handles an average of 250 requests a day and avoids the need for faxes or paper copies. It also provides requests in a standard format that allows for more efficient decisions on allowances.

Meanwhile, continued expansion of the **direct deposit system** this year meant Manitoba Public Insurance used electronic funds transfer for about one-third of all payments—including payroll deposits, broker commissions, and registered repair shops and health-care providers.

This system, which began in 2000, saves the company about $57,000 in direct costs related to bank charges and stationery, based on 49,000 electronic payments per year. It also lowers risk of fraud and helps track payments.



Skilled employees like Lesley Ko, Senior Technical Services Analyst, help Manitoba Public Insurance develop faster and smarter processes.

## Creative ways to reduce costs—and protect our communities

The people of Manitoba Public Insurance are your neighbours, friends and family. Manitoba is our home, and we want to have a positive impact on our communities.

We kept this goal in mind when we opened our two newest claim centres in Winkler and Beausejour. These claim centres are our first with geothermal heat recovery systems, which improve energy efficiency by up to 50 per cent, and are equipped with energy-saving sensors that adjust lighting as people move through the building. While these features cost a little more initially, they're expected to pay for themselves within three years.

Such environmentally friendly practices date back many years at Manitoba Public Insurance. In 1993, we adopted a cold-weather process to extract Freon from the air conditioning systems of salvage vehicles. This technology is now used throughout Manitoba. More recently, we adopted a sustainable development policy that flows through all aspects of our business operations, from evaluating competitive bids to recycling used materials and reducing the strain on landfills.

Beausejour Claim Centre

"Fairness" is one of the most important guiding principles of our public auto insurance system, and the foundation of business practices at Manitoba Public Insurance. But customer needs and expectations change, and sometimes policies and procedures need to change, too. With that in mind, Manitoba Public Insurance formed the Fair Practices Office (FPO) in late 1999.

The FPO is an arms-length office that continuously examines the corporation's practices and their effect on customers. Reporting to the President and Chief Executive Officer, the office is free to scrutinize the policies and procedures of the organization with absolute objectivity, and to report any concerns directly to the most senior decision-makers of the corporation. In this way, it provides the corporation with a constructive assessment of when improvements can and should be made, keeping the organization at the forefront of customer service excellence.

While the FPO is not a formal avenue of appeal, it is a means of gathering input from customers who do not use this mechanism but wish to bring issues and concerns to the attention of the corporation. Among the office's responsibilities is the investigation of all formal Manitoba Public Insurance customer concerns presented to the provincial Ombudsman. The office also engages Manitoba Public Insurance staff in discussion of issues that affect their roles and customer service.

The office's aim is to resolve as many outstanding concerns as possible in a constructive and informal way. Individual customers who bring their concerns to the office can be assured that they will receive assistance in determining the best "next step" for their particular issue.

After examining customer issues from a number of perspectives, the FPO reports its observations directly to the President and Chief Executive Officer. It can recommend that an issue be reviewed and can also alert the corporation's Executive that a policy may be unfair or that systemic concerns should be addressed. Some of these observations will result in a comprehensive examination of the policy or process.

The office considers all aspects of our operation—including the quality of our products, coverages and benefits—to ensure customers are receiving fair and appropriate service from their public auto insurance system.

**2004 results**

For the fiscal year 2004/05, the FPO received 409 documented customer inquiries from the following referral sources:

| | |
|---|---|
| Customer | 215 |
| Formal/informal Ombudsman inquiries | 140 |
| Internal referrals | 73 |

The FPO recommended the corporation revise its decision in 16 situations, or about four per cent of the cases it reviewed. In 96 per cent of the situations that were examined (393 of 409), the FPO's findings supported the original decision.

FAIR PRACTICES OFFICE

TOTAL CUSTOMER INQUIRIES (1999-2004)

## CORPORATE PROFILE

### CORPORATE VISION

Manitoba Public Insurance will be a leader in automobile insurance and driver services, providing Manitobans with guaranteed access to superior products, comprehensive coverage and delivering the best auto insurance value in Canada. We will anticipate and meet the evolving needs of Manitobans. We are dedicated to offering province-wide accessibility and, in co-operation with our business partners, will perform at the highest attainable levels of economy, efficiency and effectiveness.

Manitoba Public Insurance will make our roadways safer by enforcing standards for drivers and vehicles, and by raising awareness of the inherent risk of driving. We will develop educational programs and controls that help and encourage Manitobans to acquire the skills to avoid collisions.

Our people will deliver knowledgeable service with care, efficiency and justifiable pride. They will be recognized for their contributions in helping the corporation achieve its goals. Manitoba Public Insurance will be one of the best and most inclusive places in the province to work and pursue a career.

We will ensure Manitobans understand and support the unique contribution Manitoba Public Insurance makes to the province of Manitoba.

### MISSION

The incorporation of provincial licencing functions in 2004 prompted Manitoba Public Insurance to examine its Mission, Values and Corporate Strategic Plan to ensure all would continue to reflect the purpose and expanded mandate of the corporation. Input gathered from the public, employees and board led to a new mission statement—a powerful indication that the corporation is looking to the future with a fresh perspective, which includes Driver and Vehicle Licencing among its core lines of business. The new mission statement states Manitoba Public Insurance is:

*"Working with Manitobans to reduce risk on the road."*

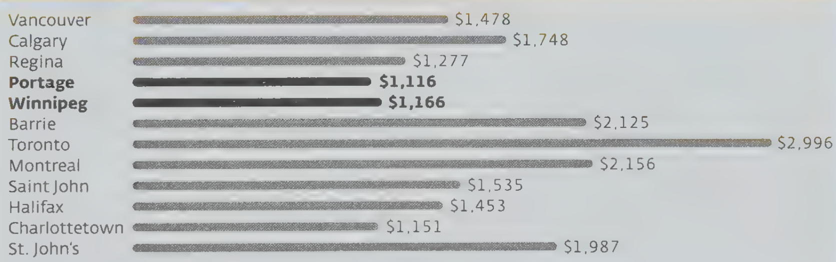
Our new Mission gives positive expression to the growing importance of partnership as we work toward our goals. We need to listen to Manitobans, and empower them to act and take collective responsibility for reducing road risk.

### CORPORATE GOALS, MEASURES AND STRATEGIES

Manitoba Public Insurance strives to achieve seven broad Corporate Goals. Corporate performance is measured against expected outcomes using a series of indicators known as the "corporate dashboard." Five-year strategies have been developed to reflect and address the current realities of the corporation's marketplace and public environment, and to meet various stakeholder expectations and obligations.

**1 | GOAL:**

Universally available mandatory protection against the cost of automobile accidents. Rates, on average, will be lower than those charged by private insurance companies for comparable coverage and service.




Rates based on: 2003 Honda Accord | 27-year-old driver | Six-years claims free driving | All-purpose use | $200 deductible in Manitoba (similar deductibles elsewhere) $2M third-party liability | Rates as of February 2004 (Manitoba March 2004)

**Measures: Among the lowest rates in Canada**

### Strategies

Basic automobile insurance—To ensure that the basic, compulsory program meets the needs of Manitoba motorists for affordable, accessible and comprehensive coverage. To keep all controllable costs at their lowest possible level through continuous focus on savings in claims and operating costs.

To improve the efficiency and convenience of Manitoba Public Insurance's distribution and service network by reducing or eliminating low value transactions.

To the maximum extent possible, leverage synergies offered by strategic partners that are mutually beneficial, improve customer service and reduce costs.

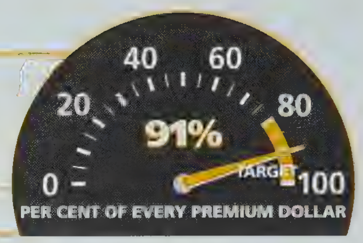
To increase the percentage of revenue derived from investment income while remaining within acceptable investment risk profiles.

To create and maintain an information technology environment that is efficient, adaptable, expandable and current to capitalize on opportunities. We will use economies of scale, new technology and existing capabilities to improve customer service or reduce costs.

**2 | GOAL:**

The Basic plan will return at least 85 per cent of premium revenue to Manitobans in the form of claims benefits.

**Measures: Premium returned for each dollar earned**




**Strategies**

To maintain operating costs at a maximum of 50 per cent of industry average.

To break even over the long term on Basic automobile insurance.

To use investment income to reduce the average premium paid by Manitobans.

**3 | GOAL:**

Manitoba Public Insurance will be a leader in automobile insurance and vehicle and driver licencing, providing Manitobans with superior products, coverage and service.

**Measures: Public satisfaction with claims performance**


**Strategies**

To ensure Manitobans receive understandable information on Manitoba Public Insurance products, entitlements, services and service standards. The corporation will adopt a strategy that ensures messages reach the appropriate target groups at appropriate times.

Automobile Extension – To be profitable by providing products and services that continue to recognize the changing needs of our customers and continue to successfully achieve high levels of customer satisfaction through strategic pricing, accessibility and convenience. To mitigate risk through appropriate product design and automated underwriting techniques.

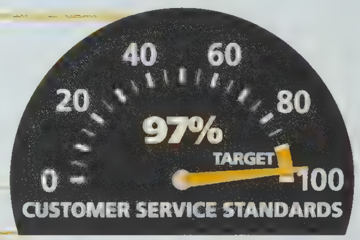
Special Risk Extension – To be profitable by responding to the variable and specialized needs of our commercial customers and providing personalized auto related insurance products that cannot be met by the universal, compulsory program or by the automobile extension program. To partner with customers in pursuing fleet safety and loss prevention initiatives. To provide Manitobans with a stable market choice that promotes long-term partnerships.

To improve the service relationship between drivers and vehicle owners and the corporation by modernizing business processes, reducing overlap and redundancy, and ensuring all aspects of driver risk rating are consistent, clear and fair.

**4 | GOAL:**

Manitoba Public Insurance will provide service that is responsive, fair, courteous and convenient. Manitoba Public Insurance will meet customer service standards that are based on customer expectations.

**Measures: How often we meet/exceed standards**




**Strategies**

To create, publish and comply with comprehensive customer service standards for ourselves, brokers, business associates and service providers who are in contact with our customers.

To promptly address and respond to legitimate concerns expressed by our customers. To provide internal and external appeal mechanisms.

**5 | GOAL:**

Rate Stabilization Reserves will be maintained within established target levels.

**Measures: Is RSR within the target range?**


**Strategies**

To maintain financial stability by setting appropriate premium rates, strengthening investment income and maintaining Rate Stabilization Reserves within established target levels.

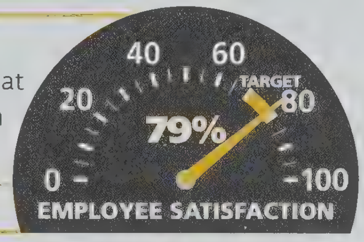
To continuously identify and assess potential risks and act explicitly to avoid and mitigate such risks.

To develop business strategies to ensure competitive lines of business are profitable and able to contribute to the Rate Stabilization Reserve to the benefit of all Manitobans.

**6 | GOAL:**

Manitoba Public Insurance will offer an environment and career opportunities that will encourage employees to strive for excellence. Our people will be treated with respect and fairness and their contributions will be recognized.

**Measures: Level of employee satisfaction**




**Strategies**

To foster a culture accepting of diversity. To attract, recruit, train and motivate target group candidates throughout the corporation. To build positive relationships within the Aboriginal community and to encourage employee involvement in this endeavour. To remove any systemic barriers that might impede our progress toward these goals.

To continue to respond to the issues raised by our employees. Particular emphasis will be given to providing clear direction and fostering a management style that reflects our values and supports employee commitment to the organization.

To use change management strategies that ensure communication, education and employee training support and facilitate business change.

To ensure employees are provided with effective, informative and timely two-way communication.

**7 | GOAL:**

Manitoba Public Insurance will lead driver and vehicle safety initiatives that reduce risk and protect Manitobans, their streets and their neighbourhoods. Manitobans will recognize the corporation is living its mission.

**Measures: Public support for road safety activities**


**Strategies**

To ensure Manitobans meet and continue to maintain established standards of knowledge, skill and behaviour to gain access to Manitoba roads.

To ensure vehicles and vehicle repairs meet provincial standards of mechanical soundness.

To develop strategies and initiatives that support continuous vehicle and driver performance monitoring to ensure Manitoba roads remain safe for everyone.

To develop and manage education and awareness initiatives based on factors that contribute to automobile accidents and the actions Manitobans can take to prevent them.

To partner with community groups across Manitoba supporting community-based initiatives that increase road safety awareness and education opportunities.

## RESULTS OF OPERATIONS

### CURRENT YEAR AND LAST YEAR

#### Corporate

Corporate operating results show an improvement compared to last year. Net income of $78.5 million exceeded last year's net income of $37.3 million. The increase in the corporation's bottom line was mainly due to claims costs, which were lower by $36.2 million.

Total earned revenues for the year were $741.2 million, up $62.0 million from last year. Contributing to the growth in earned revenues were increases in the average rate for the Basic insurance program (up 3.7 per cent effective March 1, 2004), the size of the motor vehicle fleet, the value of insured vehicles and a driver and vehicle licencing operations recovery of $8.8 million from the Province of Manitoba.

Total claim costs—including claims, loss prevention and road safety expenses—decreased from last year by $36.2 million to $625.5 million due to improved development on prior years claims and a decrease in claim severity.

Because development on prior years claims was better than expected, the corporation was able to decrease claim provisions. As a result, claims incurred were decreased by $48.0 million for the year. This was the second year the corporation had favourable development, although the current year experience is $44.5 million more than last year.

Claim numbers continued to grow. The number of claims filed rose 5.1 per cent to 255,804. However, the average Autopac (Basic and Extension) claims severity per claim decreased $305 to $1,996.

Total corporate expenses increased by $16.4 million to $125.8 million. The average Basic insurance rate increase and loss of the driver and vehicle licencing share cost agreement ($5.7 million) contributed to a $9.5 million increase in commissions and premium taxes. Operating expenses increased $7.0 million, primarily because of the transfer of driver and vehicle licencing functions, effective October 4, 2004. The cost recorded, for the five months ended February 28, 2005, amounted to $8.9 million.

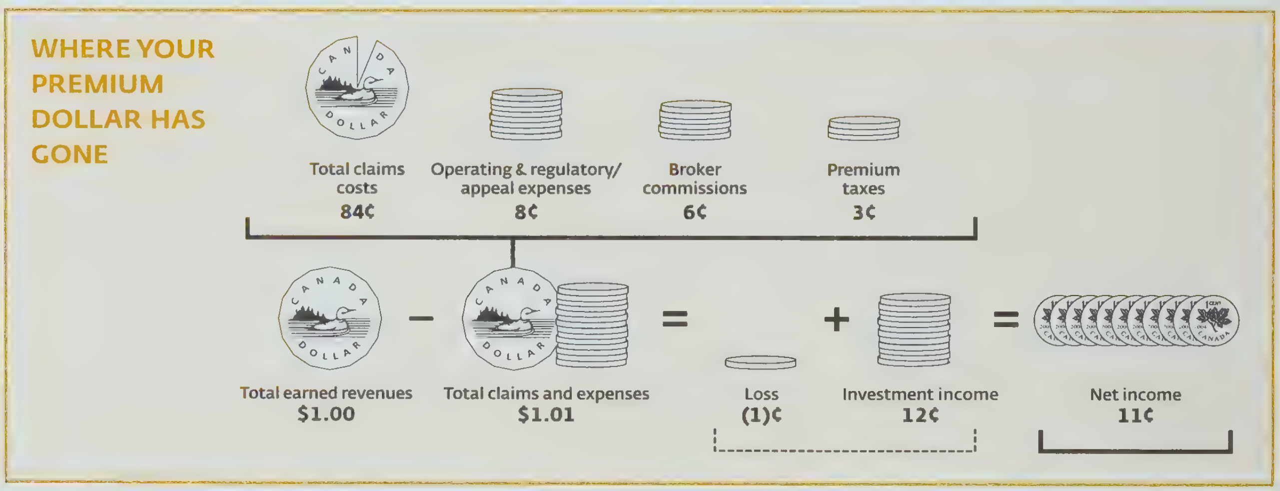
Although lower than last year, earned investment income strengthened the corporation's bottom line and enabled the corporation to minimize rate increases. Corporate investment income decreased $40.0 million to $94.9 million. Gains from the corporation's equity portfolio were $9.9 million compared to $50.4 million last year. Other corporate investment income increased by $0.5 million.

#### Basic

Net income of $59.1 million was $55.7 million more than the $3.4 million reported last year.

Total earned revenues increased by $34.8 million to $598.0 million. An average rate increase of 3.7 per cent, effective March 1, 2004, accounted for most of this positive growth. Increases in the number and value of vehicles insured also contributed to this increase. The number of policies in force increased from 824,930 to 842,585.

Total claim costs, including claims, loss prevention and road safety expenses, decreased $57.2 million to $530.2 million. Physical damage claims costs increased by $14.0 million from last year. Collision costs rose by $4.2 million, as collision claims filed increased 2,930 to 127,032 this year. An increase of 2,259 total theft claims contributed to a $9.6 million increase in comprehensive costs. Overall there were 10,659 total theft claims filed last year.



Offsetting the increase in physical damage claims was a $70.3 million decrease in the claim costs associated with bodily injury claims. There was a favourable development of $17.1 million on Personal Injury Protection Plan (PIPP) claims, compared to an unfavourable development of $34.4 million last year. A decrease in the number of serious losses also reduced injury claim costs.

| TYPE OF CLAIM | 2005 | 2004 | 2003 | 2002 | 2001 |
|---|---|---|---|---|---|
| | YEARS ENDED FEBRUARY 28/29 | | | | |
| Chronic pain | 46 | 66 | 73 | 173 | 205 |
| Fatal | 157 | 139 | 142 | 152 | 148 |
| Brain damage | 69 | 97 | 63 | 50 | 64 |
| Quadriplegic | 4 | 3 | 3 | 2 | 6 |
| Paraplegic | 5 | 8 | 7 | 1 | 9 |
| Broken bones | 703 | 811 | 640 | 688 | 669 |
| Whiplash | 12,490 | 12,249 | 9,425 | 8,749 | 7,309 |
| Bruising/Lacerations | 692 | 871 | 636 | 756 | 598 |
| Other | 1,510 | 1,449 | 4,432 | 3,987 | 3,864 |
| Total | 15,676 | 15,693 | 15,421 | 14,558 | 12,872 |

Basic's share of the corporate investment income decreased by $31.8 million to $76.6 million. This reduction reflects reduced gains realized from the corporation's equity portfolio.

| BASIC AUTOPAC FIVE YEAR STATISTICS | 2005 | 2004 | 2003 | 2002 | 2001 |
|---|---|---|---|---|---|
| | YEARS ENDED FEBRUARY 28/29 IN THOUSANDS OF DOLLARS | | | | |
| Premiums Written | 605,939 | 558,378 | 537,235 | 506,722 | 464,275 |
| Claims Incurred | 457,222 | 513,548 | 467,715 | 433,873 | 378,137 |
| Claims Expense | 65,792 | 67,043 | 58,944 | 56,159 | 50,400 |
| Other Expenses | 92,558 | 87,768 | 83,849 | 76,201 | 80,108 |
| Income (loss) | 59,105 | 3,358 | (30,135) | (11,707) | 38,100 |

### Extension

Operations reported net income of $7.0 million, $1.0 million less than reported last year. Total earned revenues increased by $21.5 million to $91.3 million. All products contributed to the increase in premium revenue. An $8.8 million recovery from the Province of Manitoba for driver and vehicle licencing operations also contributed to the increase.

Total claim costs—including claims, loss prevention and road safety expenses—increased by $8.2 million to $61.5 million. Physical damage claims costs increased by $7.4 million, exhibiting the same trends as the Basic line of business. Injury claims remained consistent with last year, decreasing marginally by $0.4 million due to lower frequency.

Total expenses, excluding claims expense, increased by $11.4 million from last year. Of this increase, $8.9 million pertains to the operation of the driver and vehicle licencing function transferred to the corporation.

Lower gains on the corporation's equity portfolio reduced Extension's share of the corporate investment income by $3.1 million to $5.8 million.

| EXTENSION FIVE YEAR STATISTICS | 2005 | 2004 | 2003 | 2002 | 2001 |
|---|---|---|---|---|---|
| | YEARS ENDED FEBRUARY 28/29 IN THOUSANDS OF DOLLARS | | | | |
| Premiums Written | 85,751 | 73,182 | 61,494 | 52,325 | 43,608 |
| Claims Incurred | 53,449 | 46,425 | 38,677 | 45,314 | 37,100 |
| Claims Expense | 7,182 | 6,255 | 5,522 | 6,899 | 6,191 |
| Other Expenses | 29,414 | 18,015 | 15,241 | 13,402 | 11,866 |
| Income (loss) | 7,031 | 8,001 | 3,292 | (11,606) | (6,130) |

### Special Risk Extension

Operating results reported net income of $12.4 million, a decrease of $13.5 million from last year.

Total claim costs, including claims expenses, increased by $12.8 million to $33.8 million. The $11.0 million increase in liability claims costs was partly due to a reduction in favourable development on liability claims, $4.1 million compared to $10.4 million the previous year. Claims frequency remained stable, but greater severity increased physical damage claims costs by $1.4 million.

Lower gains on the corporation's equity portfolio reduced Special Risk Extension's share of the corporate investment income by $5.5 million to $6.2 million.

| SRE FIVE YEAR STATISTICS | 2005 | 2004 | 2003 | 2002 | 2001 |
|---|---|---|---|---|---|
| | YEARS ENDED FEBRUARY 28/29 IN THOUSANDS OF DOLLARS | | | | |
| Premiums Written | 53,436 | 48,705 | 42,742 | 36,124 | 31,261 |
| Claims Incurred | 31,073 | 18,404 | 28,110 | 23,590 | 16,403 |
| Claims Expense | 2,710 | 2,602 | 2,789 | 2,433 | 2,150 |
| Other Expenses | 11,883 | 11,019 | 9,833 | 8,695 | 8,042 |
| Income | 12,397 | 25,904 | 4,238 | 7,257 | 14,510 |

## INVESTMENT INCOME

The corporation's investment portfolio totalled $1.6 billion as of February 28, 2005, up from $1.4 billion a year earlier.

The investment portfolio is primarily invested in four different types of bonds:

- Marketable bonds, mainly issued by the governments of Manitoba and other provinces (41.8 per cent of total portfolio carrying value);
- Non-marketable bonds issued by Manitoba municipalities, school divisions and health facilities and purchased through the Manitoba Department of Finance (21.4 per cent);
- Real return bonds providing returns linked to the rate of inflation and issued by the Government of Canada (12.0 per cent); and
- Floating rate notes paying adjustable rates of interest (3.1 per cent).

The investment portfolio invests 11.9 per cent of its total in Canadian equities through four external investment counsels. A 6.7 per cent portfolio weight in United States equities is achieved through two external investment counsels and an equity linked note. Through the Manitoba Department of Finance, the corporation uses forward contracts to offset currency movement changes on its U.S. dollar denominated assets. Short-term investments account for 2.7 per cent of the investment fund and venture capital investments are less than one per cent of the portfolio carrying value.

The total portfolio, on a market returned basis, returned 7.6 per cent during the fiscal year. Marketable bonds returned 5.6 per cent, non-marketable bonds 8.1 per cent, real return bonds 11.3 per cent and the floating rate notes 2.3 per cent. Canadian equity returned 15.8 per cent over the same time period, and U.S. equities returned 10.1 per cent, including the currency hedge. Over a four-year period, the investment portfolio has achieved an annualized return of 7.7 per cent, which compares favourably to other investment portfolios. Investment income for the year was $94.9 million, mainly from bond interest payments.

The corporation earned total investment income of $94.9 million, a decrease from last year of $40.0 million. Gains realized from the sale of equities for the current year totalled $9.9 million, compared to realized gains of $50.4 million for the previous year.

Investment income was generated mainly from the investment of funds not currently required by the corporation to satisfy claim payments. Manitoba Public Insurance uses all investment income to reduce rates that would otherwise be payable by policyholders. In 2004 the revenue earned from investment income was enough to reduce the average premium by roughly $98.

**RETAINED EARNINGS**

To maintain financial stability, the corporation strives to maintain adequate levels for the Basic Insurance Rate Stabilization Reserve (RSR), Extension and Special Risk Extension retained earnings. To address the adequacy of these reserves, the Board of Directors has approved target levels by line of business.

Federally regulated property and casualty insurance companies are required to maintain adequate capital levels to enable the company to absorb unexpected losses. The Office of the Superintendent of Financial Institutions determines the capital required by a company by using the Minimum Capital Test—a risk-based adequacy test that assigns risk factors to a company's assets and policy liabilities. The capital required is compared to the capital carried by the company to measure the capital adequacy of the company.

On an annual basis, the Minimum Capital Test will be calculated by the corporation's external actuary to assist the corporation in reviewing and establishing the RSR and retained earnings targets.

**Basic**

As at February 28, 2005 the Basic Insurance RSR totalled $135.8 million compared to $42.8 million last year.

The level in place at year-end is above the current maximum target level of $100.0 million by $35.8 million. Reserve requirements could be affected by increased risks, including the following:

- Higher retentions on casualty and catastrophic reinsurance programs have transferred risk back to the corporation. In 2005, for example, the retention on PIPP or tort liability claims increased to $3 million per incident. As recently as 2001, the retention was only $1 million.
- Unpaid claims provisions for Basic insurance continue to grow exponentially. A five per cent change in this $1.1 billion provision alone would negatively impact results by $55.0 million. Five years ago, that impact would have been $31.0 million, and five years from now, this number could be $88.0 million.
- The corporation's investment portfolio is growing rapidly over time. The book value of the Basic Autopac share to the total portfolio at February 28, 2005 was $1.4 billion, up $180 million from the previous year. Emerging accounting rules will likely require this portfolio to be valued on a market basis in the near future, creating the potential for significant variability at a valuation point in time. For example, a one per cent rise in interest rates could negatively impact the market value of the existing portfolio and the corporation's reported financial results by approximately $53.0 million.

In recognition of the changing risk profile, the Board of Directors adopted a new target effective March 1, 2005, based on an industry best practice standard requiring reserves slightly in excess of $200 million. The corporate financial plan indicates that this can be funded through normal operations.

Funding for the RSR is derived from annual operations of the Basic insurance plan. Additional funding is transferred from the Extension and SRE lines of business, which are expected to contribute approximately $19.4 million to the RSR in 2005.

**Extension**

As at February 28, 2005, the retained earnings balance is $46.0 million compared to $43.3 million last year. The present balance is $7.0 million higher than the line's current target of $39.0 million. Effective March 1, 2005, excess retained earnings over the approved target will be transferred to the Basic Insurance RSR in accordance with corporate policy.

**Special Risk Extension**

As at February 28, 2005, the retained earnings balance is $45.4 million compared to $62.6 million last year. The present balance exceeds the current target of $33.0 million by $12.4 million. Effective March 1, 2005, excess retained earnings over the approved target will be transferred to the Basic Insurance RSR in accordance with corporate policy.

## RISK MANAGEMENT

### UNPAID CLAIMS

Manitoba Public Insurance maintains provisions for unpaid claims on a discounted basis to cover future claims commitments. We make provisions for future development on claims that have been made, and an estimate for those that may have occurred but have not yet been reported.

In the case of major injuries, only a small portion of the total benefit is paid in the first year. As time passes and more information is available, the estimates are revised to reflect the most current forecast of ultimate claims costs.

Because the total amount paid on any single claim may be different from its initial reserve, Manitoba Public Insurance reviews the adequacy of these reserves annually. Adjustments, if needed, are calculated by the corporation's actuary. An independent assessment of the reserves is also conducted by the corporation's external actuary. The external auditor also reviews the adequacy of the reserves as part of its annual audit of the corporation's financial results.

This process has demonstrated a growing potential for volatility in financial results from year to year. If the current $1.2 billion unpaid claim provision increased by five per cent, the impact on the corporation's annual bottom line that year could be approximately $60.0 million—about $25.0 million more than the risk of the same shift five years ago, when unpaid claim provisions totalled $0.7 billion. By 2010, unpaid claim provisions are expected to total $1.9 billion, and a five percentage point shift could have a $95 million negative impact on the corporation.

### TECHNOLOGY

#### Disaster Recovery Site

To minimize the company's exposure in the event of a major disruption of corporate information systems, Manitoba Public Insurance has established a backup data centre within the province in conjunction with the Manitoba Liquor Control Commission. The centre provides a recovery window of 72 hours for key applications should the corporation's main site become inaccessible. In future, recovery protection will be expanded to include all vital systems at Driver and Vehicle Licencing as well as the corporate business portal, which includes broker applications and some claims applications.

#### Project Management Office

The Project Management Office (PMO) within Corporate Information Technology trains managers and staff in project management principles and methodology, including a formal process for assessing risk. This office also assists in developing plans that are achievable, monitors project status and advises project teams on corrective action to mitigate the risk of cost and schedule overruns.

### LIQUIDITY

Cash and cash equivalents are essential components of the corporation's financial liquidity management. Cash flows are monitored to ensure sufficient resources are available to meet our current operating requirements. Excess funds not needed to meet current operating requirements are invested in long-term instruments to be used to meet future obligations.

Cash flows provided by operating activities of $181.3 million remained relatively unchanged from the $178.5 million reported last year. Cash flows used for investing activities decreased $26.3 million to $210.5 million as a result of lower Canadian and U.S. equity portfolio activity. A breakdown of the corporation's investment portfolio is included in the Notes to Financial Statements (note 4).

### INVESTMENTS

The Manitoba Department of Finance conducts all treasury and fixed income transactions on behalf of the corporation and contracts the services of four Canadian and two U.S. equity investment managers. A working group comprising the Department of Finance and Manitoba Public Insurance officials oversees the day-to-day operations of the portfolio. Reports are prepared and presented to the Investment Committee to oversee the corporation's investment policy, which is aimed at covering corporate liabilities and generating income to help minimize policyholders' premiums. The investment policy ensures assets are managed in a manner that will maximize return while minimizing risk in an overall portfolio context. Assets are diversified among various investment instruments such as short-term holdings, bonds and equities.

Future accounting changes may require the corporation to recognize its investments on a mark-to-market basis within the next several years. This presents an emerging risk of significant swings in year-end results created by an accounting treatment, rather than a management issue. For example, a small interest rate increase near year-end could require the corporation to recognize a loss, even if the market corrected early in the following year. A one per cent change in the corporation's portfolio yield on February 28, 2005 would have decreased its market price by approximately $61.0 million.

## ROAD SAFETY

Manitoba Public Insurance recognizes that successful road safety efforts require effective co-ordination of education, enforcement and engineering initiatives. This corporation focuses its efforts on public education, awareness and community mobilization while working in tandem with law enforcement agencies and transportation officials at the local, provincial and federal level. This approach allows partners to excel in their respective areas of responsibility while providing mutual support and reinforcement as we work toward common goals.

In 2004, we continued to work with concerned citizens by providing support for community-based programs such as Citizens on Patrol, SpeedWatch, Safe Grad, Operation Red Nose and many other road safety partnerships. These organizations have a unique ability to connect with Manitobans at the local level, and have made some remarkable strides in increasing community safety.

Manitoba Public Insurance remains committed to the Transport Canada 2010 vision of having "the safest roads in the world" by the beginning of the next decade. The national targets call for a 30 per cent decrease in the average number of road users killed and seriously injured during the 2008–2010 period over the comparable 1996–2001 time frame. In Manitoba, we are working toward this goal with the provincial government, the RCMP and the Manitoba Safety Council. The corporation has developed its own 2010 measures to gauge the effectiveness of safety awareness and education programs aimed at altering driving behaviour.

In 2004, the corporation expanded its road safety mandate with the integration of driver and vehicle licencing functions. The corporation began exploring the opportunities this integration presents, including the potential to address risky driving behaviour in more direct and effective ways.

The corporation is also focused on responding to demographic shifts, including the increase in new drivers and senior drivers. As the largest driver training organization in North America, the corporation will introduce a new driver education curriculum to 14,000 students in 2005, helping create a new generation of road-wise Manitobans.

## AUTO THEFT

Auto thefts in Manitoba increased 24.8 per cent in 2004, despite ongoing efforts by the corporation and its partners in Manitoba Justice, law enforcement and community groups. Winnipeg accounted for the entire increase with 84 per cent of the thefts. The costs of this crime can be measured in many ways:

- *Social costs* – In the last two years, four people have been killed and about 70 others injured in auto crime-related activities. In 2004, the threat to community safety increased when thieves used stolen vehicles as projectiles and sent driverless speeding cars down back lanes. Public opinion surveys show that 88 per cent of Manitobans believe this is a serious issue that needs urgent attention.
- *Business costs* – Over the last five years, costs associated with theft have become the fastest growing claims cost driver. Auto theft cost premium-payers about $37 million in the 2004 calendar year and added about $20 million in direct costs to the police, courts and justice system. The rising volume of thefts is also creating the need for additional staff for claims handling, monitoring of more than 6,000 subrogation files and renovations to some facilities.

The corporation is addressing the problem on four fronts: discouraging youth at risk from getting involved in theft, developing effective ways to deal with chronic offenders, working with law makers to implement anti-theft initiatives and engaging vehicle owners to protect their vehicles.

Manitoba Public Insurance supports the idea of holding auto thieves accountable through tough monitoring and sanctions. By partnering with Manitoba Justice to track and monitor youths most likely to re-offend, we believe we can reduce the number of thefts, improve community safety and reduce costs. However, this strategy, while delivering immediate results, is not sustainable over the long run.

The corporation knows that thieves in Manitoba target specific vehicles because they are easy to steal. Many of these vehicles have a better than 1 in 11 chance of being stolen anywhere in Winnipeg. The corporation has tracked the top 100 stolen vehicles by make, model and year, and found that these 70,000 vehicles make up about 20 per cent of the Manitoba vehicle fleet but account for 68 per cent of the vehicles stolen in 2004. The corporation's approach has been to offer insurance discounts and low interest loans to help people with at-risk vehicles install electronic immobilizers that meet the Canadian standard. Transport Canada has ordered all vehicles manufactured after September 2007 to be equipped with immobilizers. The corporation knows it needs to accelerate our progress and in 2005 we will move forward on this effort.

## HUMAN RESOURCES

### Diversity

Manitoba Public Insurance launched its Aboriginal Employment Initiative in 2000 as a key building-block of its diversity strategy.

The company has seen a steady increase in Aboriginal employment and a wider recognition of what diversity brings to this organization. While Aboriginal employment will remain a key focus, the corporation is broadening its focus to include women, persons with disabilities and visible minorities.

The corporation's overall goal is to foster a culture accepting of diversity and a workforce more reflective of the customers we serve. In addition to building positive relationships with targeted communities, the corporation will identify and remove systemic barriers that impede our progress toward this goal.

### Succession planning

Manitoba Public Insurance will soon experience more retirements than at any other time in its history. The company recognizes that its ongoing success requires development of a pool of employees to assume management-level duties as senior and long-term employees retire. In 2004 the company prepared to integrate a two-level succession planning process with its performance management system. While the corporation will create an environment of learning and provide employees with opportunities to attain needed skills, individuals will own their personal development plans and be responsible for initiating their progress. Succession planning and employee career development will be closely linked for corporate-level general management positions at the management, director and executive levels.

### Training programs

In support of ongoing business initiatives and professional development, Manitoba Public Insurance provided an average of six days of training to each (non-Driver and Vehicle Licencing) employee during fiscal year 2004/05. Employees who joined the company through the merger with Driver and Vehicle Licencing (DVL) in October 2004 each received an average of 2.4 days of training to help ease the transition.

Highlights of this year's training activities included orientation sessions for all DVL employees, leadership training for DVL managers and supervisors, the continuing evolution and delivery of computer-based training, ongoing management development and information technology training, and the development and delivery of an enhanced adjusters training program.

The corporation also increased its knowledge base and capabilities in 2004 with more than 600 employees receiving support through our Educational Assistance program. This training resulted in the awarding of 44 internal Management Development certificates and 98 external certificates, diplomas and degrees.

## SUSTAINABLE DEVELOPMENT

Our long-standing commitment to sustainable development means making decisions that consider the economic, environmental and social impacts of our business operations. Through the adoption of a Sustainable Development Policy, a Sustainable Development Code of Practice and Procurement and Financial Management Guidelines, the corporation has promoted these principles across all business operations.

In 2004, environmental testing conducted at two corporate facilities recommended corrective action and waste audits demonstrated that corporate-wide waste diversion was 57 per cent. Well water quality testing and air quality monitoring found no safety hazards.

For the first time in its history, the corporation used environmentally sustainable principles with the construction of claim centres in Beausejour and Winkler, which feature highly energy-efficient management systems.

The corporation has also developed a comprehensive recycling program that has resulted in:

- sale of 20,934 salvage vehicles and 86,230 used parts
- recycling of 94 tonnes of paper, 3,156 metres of carpet, 500 kilograms of UPS batteries, 200 computers, 148 monitors, 191 computer components and Freon from 11,835 vehicles
- recovery of 18,785 litres of fuel
- use of 12.2 million sheets of 30 per cent recycled paper
- collection of 80 kilograms of recycled plastic and metal

## LOSS PREVENTION

The corporation's cost reduction and loss prevention efforts differentiate it from other insurance companies in Canada. These activities reduce insurance costs by the equivalent of about 10 percentage points each year.

While repair costs in the rest of Canada increased by 2.5 per cent in 2004, Manitoba Public Insurance reduced this province's overall repair costs by 0.7 per cent during the same period. The company's ability to manage costs associated with towing, labour and other contracted services contributed to the savings. In 2004, the use of recycled parts and aftermarket parts saved the company $13.3 million (a five per cent increase over 2003) and $9.8 million (a 10 per cent rise), respectively.

In addition, premium payers benefited from the sale of 20,934 total-loss vehicles, earning $18.5 million in salvage sale proceeds, up 4.5 per cent from 2003.

Efforts to battle insurance fraud and recover monies through subrogation efforts play a significant role in cost containment. Subrogation recoveries in 2004 were $13.6, an increase of $2.3 million from the previous year. The corporation's Special Investigations Unit examined more than 3,000 claims in 2004 and detected more than $13 million in fraudulent claims.

## DRIVER AND VEHICLE LICENCING

Driver and vehicle licencing activities continued to operate seamlessly through the transition of management and administration functions to the corporation during the year. The goals of the merger were improved customer service; reduced overlap and duplication (efficiency); and the creation of an enhanced service model for the future.

Starting on October 4, 2004, the costs associated with driver and vehicle licencing are being recorded as ongoing costs of the corporation. To defray the costs to the corporation, the Province of Manitoba will provide annual funding in the amount of $21 million, payable in equal monthly instalments. Funding received for the five months ended February 28, 2005 amounted to $8,750,000. This funding offset the costs recorded to February 28, 2005 of $8,875,000, resulting in a shortfall of $125,000. The funding shortfall is charged against the Extension line of business.

Current projections indicate that the corporation's costs could exceed the annual funding by approximately $4.4 million in the next fiscal year if no cost savings are achieved. Contributing most significantly to this shortfall are accounting differences between the two organizations, improvements to customer service staffing and the ongoing business process review.

A smooth and transparent transition of the driver and vehicle licencing function will require unique and innovative strategies. A business process review, currently in the planning stage, will explore opportunities to streamline or amalgamate activities within current business work flows, enhance service delivery and realize cost savings.

In 2004 these two organizations were run as stand-alone operations, which made costing more transparent. As the corporation moves to integrate similar functions and maximize synergies to improve service delivery, opportunities to report on the discrete costs of many licencing functions will decrease in a comparable manner.

## OUTLOOK

The corporation remains committed to achieving its seven corporate goals. Actual results will be monitored and corrective actions taken when necessary to ensure that expected outcomes are realized.

Under *The Crown Corporations Public Review and Accountability Act*, Manitoba Public Insurance is required to submit Basic Autopac rates to the Public Utilities Board (PUB) for approval. The corporation generally files its rate application in June of each year for the fiscal year beginning the following March.

On December 3, 2004 the PUB released its ruling on Manitoba Public Insurance's rate application for the 2005/2006 fiscal year. Effective March 1, 2005, Basic insurance rates will be decreased by an average of 0.94 per cent. Although Basic insurance rates were changed, the corporation will not be changing any of the components of the Basic insurance plan.

Current projections indicate that the corporation is expected to realize a net income of approximately $26 million during the 2005/06 fiscal year.

## CORPORATE GOVERNANCE

Manitoba Public Insurance was created by an act of the legislature to achieve the corporation's founding principles. The corporation's Board, appointed by the Government of Manitoba, ensures that corporate policies are consistent with its public policy mandate. The Board is also responsible for policy development and approval, and provides oversight and monitoring.

The corporation has a comprehensive annual strategic planning process. The Board participates in the development and approval of a five-year strategic plan. From that document flow lines of business strategies, human capital forecasts, premises and technology requirements as well as a financial forecast. Divisional plans and departmental strategies support the strategic plan.

Monitoring of companies is becoming stricter with the introduction of new compliance controls by government bodies and regulators. These controls are designed to enforce and improve transparency, accountability and integrity. Compliance controls are stipulating that companies must develop and monitor formalized processes that address the integrity and reliability of the financial information presented to users.

Specific Board responsibilities have been delegated to six committees that meet quarterly to monitor risk and provide direct oversight. For example, the Audit committee is responsible for evaluating about 40 specific risk profiles by likelihood and severity. These profiles were developed over time and are reviewed on an annual basis and placed into categories of high, medium and low risk. The Board committees include:

- Audit
- Budgeting and Operations
- Human Resources
- Investment
- Governance
- Executive

Under the provisions of *The Manitoba Public Insurance Corporation Act*, the Board chairperson is required to provide the Minister Responsible for Manitoba Public Insurance with an annual report, which is subsequently reviewed by the Standing Committee of the Legislature. Additional oversight is provided by the Crown Corporation Council, a body given legislative authority to conduct a mandate and strategy review of provincial Crown corporations and the Public Utilities Board, which approves Basic Autopac insurance rates.

Ensuring the integrity of the financial information reported will provide readers with confidence that the reporting entity is viable and that the financial information provided is reliable.

The United States has enacted the Sarbanes-Oxley Act, which addresses certain aspects of compliance control by requiring a publicly traded entity's chief executive officer and chief financial officer to certify financial statements. The Act also requires organizations to implement a process that will validate and assess disclosure and internal controls over their financial reporting processes. Similar regulatory requirements are in the process of being instituted in Canada.

The corporation's Board and management will be reviewing the new control and compliance environment to identify any additional requirements that should be addressed.

## RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements are the responsibility of management and are prepared in accordance with Canadian generally accepted accounting principles. The financial information contained elsewhere in the annual report is consistent with that in the financial statements. The financial statements necessarily include amounts that are based on management's best estimate and judgements which have been reached based on careful assessment of data available through the Corporation's information systems. In the opinion of management, the accounting practices utilized are appropriate in the circumstances and the financial statements fairly reflect the financial position and results of operations of the Corporation.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to ensure that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial statements. The adequacy and operation of the control systems are monitored on an ongoing basis by the Internal Audit Department.

The financial statements were approved by the Board of Directors, which has overall responsibility for their contents. The Board of Directors is assisted with this responsibility by its Audit Committee (the "Committee"), which consists primarily of Directors not involved in the daily operations of the Corporation.

The general responsibilities of the Committee are categorized into the following: review of financial reporting, review of internal controls and processes, review of actuarial functions, monitoring of corporate integrity, compliance with authorities and review of performance reporting. The Committee's role is that of oversight in these areas in order to ensure management processes are in place and functioning so as to identify and minimize risks to the business operations.

In carrying out the above responsibilities, this Committee meets regularly with management, and with both the Corporation's external and internal auditors to approve the scope and timing of their respective audits, to review their findings and to satisfy itself that their responsibilities have been properly discharged. The Committee is readily accessible to the external and internal auditors.

The Committee is responsible for the review of the actuarial function. As well, the Committee recommends, for approval, the appointment of the external actuary and his fee arrangements to the Board of Directors. The actuary is responsible for ensuring that the assumptions and methods used in the valuation of policy and claims liabilities are in accordance with accepted actuarial practice, applicable legislation and associated regulations or directives. In addition, the actuary provides an opinion regarding the valuation of policy and claims liabilities at the balance sheet date to meet all policyholder obligations of the Corporation. Examination of supporting data for accuracy and completeness of assets and their ability to meet the policy and claims liabilities are important elements in forming the actuary's opinion.

KPMG LLP, the Corporation's appointed external auditors, have audited the financial statements. Their Auditors' Report is included herein. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary in order to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position of the Corporation in accordance with Canadian generally accepted accounting principles.

M. McLaren

M. J. McLaren
**President and Chief Executive Officer**
April 27, 2005

B. Galenzoski

B. W. Galenzoski
**Vice-President Corporate Finance**
**Chief Financial Officer and Chief Administration Officer**

## AUDITORS' REPORT

**To the Board of Directors of Manitoba Public Insurance Corporation:**

We have audited the balance sheet of Manitoba Public Insurance Corporation as at February 28, 2005 and the statements of operations, retained earnings, basic insurance rate stabilization reserve and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at February 28, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Winnipeg, Canada
April 27, 2005

## ACTUARY'S REPORT

**To the Board of Directors of Manitoba Public Insurance Corporation:**

I have valued the policy liabilities of Manitoba Public Insurance Corporation for its balance sheet at February 28, 2005 and their change in the statement of operations for the year then ended in accordance with accepted actuarial practice, including selection of appropriate assumptions and methods.

In my opinion, the amount of policy liabilities makes appropriate provision for all policyholder obligations and the financial statements fairly present the results of the valuation.

Jim Christie

James K. Christie
**Fellow, Canadian Institute of Actuaries**
Winnipeg, Manitoba
April 27, 2005

| STATEMENT OF OPERATIONS | YEARS ENDED FEBRUARY 28/29 | |
|---|---|---|
| | 2005 | 2004 |
| | (IN THOUSANDS OF DOLLARS) | |
| **REVENUE** | | |
| Premiums written | $ 745,126 | $ 680,265 |
| Premiums earned (Note 8) | $ 716,328 | $ 663,966 |
| Service fees | 16,121 | 15,253 |
| Driver licencing operations recovery (Note 16) | 8,750 | — |
| Total earned revenues | 741,199 | 679,219 |
| **CLAIMS COSTS** | | |
| Claims incurred (Note 8) | | |
| Current year | 589,740 | 581,921 |
| Prior years (Note 7) | (47,996) | (3,544) |
| | 541,744 | 578,377 |
| Claims expense | 75,684 | 75,900 |
| Loss prevention/Road safety | 8,034 | 7,412 |
| | 625,462 | 661,689 |
| **EXPENSES** | | |
| Commissions | 46,615 | 38,719 |
| Operating | 55,354 | 48,378 |
| Premium taxes | 21,974 | 20,362 |
| Regulatory/Appeal | 1,878 | 1,931 |
| | 125,821 | 109,390 |
| Total claims and expenses | 751,283 | 771,079 |
| Underwriting loss | (10,084) | (91,860) |
| Investment income, net (Note 10) | 88,617 | 129,123 |
| **NET INCOME** (Note 12) | $ 78,533 | $ 37,263 |

*The accompanying notes are an integral part of these financial statements.*

| BALANCE SHEET | FEBRUARY 28/29 | |
|---|---|---|
| | 2005 | 2004 |
| | (IN THOUSANDS OF DOLLARS) | |
| **ASSETS** | | |
| Cash and investments (Note 4) | $1,638,967 | $1,459,869 |
| Due from other insurance companies | 49 | 3,344 |
| Accounts receivable | 222,652 | 194,452 |
| Deferred policy acquisition costs | 18,658 | 11,869 |
| Reinsurers' share of unearned premiums | 12,850 | 12,955 |
| Reinsurers' share of unpaid claims (Note 7) | 45,195 | 53,384 |
| Property and equipment (Note 5) | 31,019 | 29,283 |
| Deferred development costs | 688 | 2,459 |
| | 1,970,078 | 1,767,615 |
| **LIABILITIES, BASIC INSURANCE RATE STABILIZATION RESERVE AND RETAINED EARNINGS** | | |
| Due to other insurance companies | 11,548 | 11,880 |
| Accounts payable and accrued liabilities | 29,146 | 22,419 |
| Unearned premiums | 370,546 | 340,189 |
| Provision for employee current benefits | 11,755 | 9,767 |
| Provision for employee future benefits (Note 6) | 123,672 | 109,486 |
| Provision for unpaid claims (Notes 7 and 11) | 1,196,199 | 1,125,195 |
| | 1,742,866 | 1,618,936 |
| Basic insurance rate stabilization reserve | 135,785 | 42,773 |
| Retained earnings (Note 13) | 91,427 | 105,906 |
| | 227,212 | 148,679 |
| | $1,970,078 | $1,767,615 |

*The accompanying notes are an integral part of these financial statements.*

Approved by the Board:

**Chairperson** **Director**

| STATEMENT OF BASIC INSURANCE RATE STABILIZATION RESERVE | YEARS ENDED FEBRUARY 28/29 | |
|---|---|---|
| | 2005 | 2004 |
| | (IN THOUSANDS OF DOLLARS) | |
| Balance beginning of year | $ 42,773 | $ 35,366 |
| Net income ( Note 12 ) | 59,105 | 3,358 |
| Transfer from Extension ( Note 13 ) | 4,287 | — |
| Transfer from Special Risk Extension ( Note 13 ) | 29,620 | 4,049 |
| Basic insurance rate stabilization reserve balance end of year | $ 135,785 | $ 42,773 |

| STATEMENT OF RETAINED EARNINGS | YEARS ENDED FEBRUARY 28/29 | |
|---|---|---|
| | 2005 | 2004 |
| | (IN THOUSANDS OF DOLLARS) | |
| Balance beginning of year | $ 105,906 | $ 76,050 |
| Net income ( Note 12 ) | 19,428 | 33,905 |
| Transfer to basic insurance rate stabilization reserve from Extension (Note 13) | (4,287) | — |
| Transfer to basic insurance rate stabilization reserve from Special Risk Extension (Note 13) | (29,620) | (4,049) |
| Retained earnings balance end of year | $ 91,427 | $ 105,906 |

*The accompanying notes are an integral part of these financial statements.*

| STATEMENT OF CASH FLOWS | YEARS ENDED FEBRUARY 28/29 | |
|---|---|---|
| | 2005 | 2004 |
| | (IN THOUSANDS OF DOLLARS) | |
| **CASH FLOWS FROM (TO) OPERATING ACTIVITIES:** | | |
| Net income | $ 78,533 | $ 37,263 |
| Non-cash items: | | |
| Amortization of property and equipment and deferred development costs | 5,943 | 7,875 |
| Amortization of bond discount and premium | 840 | 798 |
| Gain on sale of investments | (8,006) | (9,209) |
| Write-down of investments | 3,439 | — |
| | 80,749 | 36,727 |
| Net change in non-cash balances: | | |
| Due from other insurance companies | 3,295 | (2,707) |
| Accounts receivable | (28,200) | (24,985) |
| Deferred policy acquisition costs | (6,789) | (3,940) |
| Reinsurers' share of unearned premiums and unpaid claims | 8,294 | 1,509 |
| Due to other insurance companies | (332) | (1,513) |
| Accounts payable and accrued liabilities | 6,727 | (1,224) |
| Unearned premiums | 30,357 | 18,645 |
| Provision for employee current benefits | 1,988 | 384 |
| Provision for employee future benefits | 14,186 | 13,325 |
| Provision for unpaid claims | 71,004 | 142,300 |
| | 100,530 | 141,794 |
| | 181,279 | 178,521 |
| **CASH FLOWS FROM (TO) INVESTING ACTIVITIES:** | | |
| Acquisition of property and equipment net of proceeds from disposals | (5,907) | (5,256) |
| Purchase of investments | (616,461) | (504,679) |
| Proceeds from sale of investments | 411,908 | 273,302 |
| Deferred development costs incurred | — | (166) |
| | (210,460) | (236,799) |
| **DECREASE IN CASH AND SHORT-TERM INVESTMENTS** | (29,181) | (58,278) |
| Cash and short-term investments beginning of year | 87,888 | 146,166 |
| **CASH AND SHORT-TERM INVESTMENTS end of year** (Note 4) | $ 58,707 | $ 87,888 |

*The accompanying notes are an integral part of these financial statements.*

## 1 | STATUS OF THE CORPORATION

The Manitoba Public Insurance Corporation (the "Corporation") was incorporated as a Crown corporation under *The Automobile Insurance Act* in 1970. In 1974, *The Automobile Insurance Act* was revised and became *The Manitoba Public Insurance Corporation Act* (Chapter A180 of the continuing consolidation of the Statutes of Manitoba). In 1988, the Act was re-enacted in both official languages as Chapter P215 of the Statutes of Manitoba.

Under the provisions of its Act and regulations, the Corporation operates an automobile insurance division and a discontinued general insurance division. The lines of business for the automobile insurance division provide for basic universal compulsory automobile insurance, extension and special risk coverages. For financial accounting purposes, the lines of business for the automobile insurance division and the discontinued general insurance division are regarded as separate operations and their revenues and expenses are allocated on a basis described in the summary of significant accounting policies. For financial reporting purposes, due to the immateriality of the financial results of the discontinued general insurance operations (note 11), the operations are reported as part of the Special Risk Extension line of business.

Operations pertaining to driver safety, vehicle registration and driver licencing including all related financial, administrative and data processing services were transferred to the Corporation, from the Province of Manitoba, effective October 4, 2004.

## 2 | BASIS OF REPORTING

The financial statements of the Corporation are in such form as prescribed by Section 43(1) of *The Manitoba Public Insurance Corporation Act* and are presented in accordance with Canadian generally accepted accounting principles.

The external actuary is appointed by the Board of Directors of the Corporation. With respect to preparation of these financial statements, the external actuary is required to carry out a valuation of the policy liabilities and to report thereon to the Corporation's Board of Directors.

The external actuary, in his verification of the information prepared by the Corporation used in the valuation, also uses the work of the external auditors.

The external auditors are appointed by the Lieutenant Governor in Council to conduct an independent and objective audit of the financial statements of the Corporation in accordance with Canadian generally accepted auditing standards. In carrying out their audit, the external auditors also make use of the work of the external actuary and his report on the Corporation's policy liabilities. The external auditors report outlines the scope of their audit and their opinion.

## 3 | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary outlines those accounting policies followed by the Corporation which have a significant effect on the financial statements.

### Investments

Funds available for investments are invested by the Department of Finance, on behalf of the Corporation, in accordance with Section 12(1) of *The Manitoba Public Insurance Corporation Act*.

Investments in bonds are carried at amortized costs. The applicable discounts or premiums are amortized over the life of the bond.

Investments in equities and other investments are carried at cost. Dividends on equity investments are recognized on an accrual basis.

Gains and losses on investments are recognized on the date of sale. Investments are written down to market value when there is a decline in value that is considered other than temporary.

The Corporation has invested in an equity-linked note that is similar to a bond instrument, except for the interest component which is indexed to the Standard & Poor's 500 Composite Stock Price Index. Any interest component arising from changes in the index is recorded currently in the Statement of Operations under the heading "Investment income, net."

The Corporation may invest in total return swaps as part of its investment strategy to provide limited exposure to certain equity markets. Total return swaps are financial instruments whose value is derived from an underlying financial instrument, product or index. Total return swaps are recorded at fair value at the balance sheet date and presented under the heading "Cash and investments." Any gains or losses arising from changes in fair value are recorded currently in the Statement of Operations under the heading "Investment income, net."

**Deferred Policy Acquisition Costs**

Commissions and premium taxes are deferred and charged to expense over the term of the insurance contract to which such costs relate.

**Property and Equipment**

Property and equipment are stated at cost less accumulated amortization. Amortization is provided on a straight-line basis which will amortize the cost of each asset over its estimated useful life:

| | |
|---|---|
| Land improvements | 25 years |
| Buildings | 40 years |
| Equipment: | |
| - Data processing | 3 years |
| - Automotive | 5 years |
| - Other | 10 years |

Leasehold improvements are amortized over the term of the lease plus the first renewal period.

**Deferred Development Costs**

The costs of developing major information systems which are expected to be of continuing benefit to the Corporation are deferred to future periods. These information system expenditures are stated at cost net of accumulated amortization and are amortized on a straight-line basis over five years.

**Unearned Premiums**

The liability for unearned premiums is the portion of premiums that relate to the unexpired term of each insurance contract.

**Provision for Employee Benefits**

***Provision for Employee Current Benefits***

The provision for employee current benefits includes an accrual for vacation pay determined in accordance with the Collective Agreement.

***Provision for Employee Future Benefits***

Included in the provision for employee future benefits are the pension benefit plan and other benefit plans.

*i) Pension Benefit Plan*

The employees of the Corporation are members of a defined benefit pension plan administered under the Civil Service Superannuation Act. Included in the accounts is a provision for the employer's future pension liability calculated on an indexed basis. The provision for pension is actuarially determined on an annual basis using the projected benefit method prorated on services. The actuarial present value of the accrued pension benefits is measured using the Corporation's best estimates based on assumptions relating to market interest rates at the measurement date based on high quality debt instruments, salary changes, withdrawals and mortality rates. Experience gains and losses are amortized over the expected average remaining service life of the employee group.

*ii) Other Benefit Plans*

Other benefit plans consist of post-retirement extended health and severance pay benefits.

The provision for post-retirement extended health benefits is actuarially determined on an annual basis using the projected benefit method prorated on services, which includes the Corporation's best estimates based on assumptions relating to retirement ages of employees and expected health costs.

Employees of the Corporation are entitled to severance pay in accordance with the Collective Agreement and Corporation policy. The provision for severance pay is actuarially determined on an annual basis using the projected benefit method prorated on services, without salary projection, which includes the Corporation's best estimates based on assumptions relating to the proportion of employees that will ultimately retire.

**Provision for Unpaid Claims**

The provision for unpaid claims represents an estimate for the full amount of all costs, including adjustment expenses, and the projected final settlements of claims incurred to the balance sheet date. These provisions take into account the time value of money. These estimates of future loss activity are necessarily subject to uncertainty and are selected from a wide range of possible outcomes. To recognize the uncertainty in establishing these estimates and to allow for possible deterioration in experience, actuaries include explicit margins for adverse deviation in their assumptions. These provisions are adjusted up or down as additional information affecting the estimated amounts becomes known during the course of claims settlement. All changes in estimates are recorded as incurred claims in the current period.

**Salvage and Subrogation**

Recoveries from salvage and subrogation are recorded as an offset to claim costs. Expected future subrogation recoveries are included in the provision for unpaid claims.

**Premium Deficiencies**

A premium deficiency exists when future claims and related expenses exceed unearned premiums.

Premium deficiencies are recognized first by writing down the deferred policy acquisition costs with any remainder recognized as a liability.

**Allocation of Revenue, Claims Incurred and Expenses**

Premiums written, premiums earned and claims incurred are allocated directly to the division writing the insurance risk.

Investment income is allocated to the automobile insurance division lines of business and the discontinued general insurance division based on a monthly averaging of the funds available within each division.

Expenses, including claims expense, are allocated to the automobile insurance division lines of business on the following basis:

i) Identifiable direct expenses are charged to each line of business.

ii) Where direct allocation is not possible, expenses are prorated to each line of business based mainly on factors such as space, number of employees and time usage. The formulas developed for the allocation of expenses are approved by the Board of Directors.

**Reinsurance Ceded**

Premiums, claims and expenses are reported net of amounts due to and recoverable from reinsurers. Estimates of amounts recoverable from reinsurers on unpaid claims are recorded separately from estimated amounts payable to policyholders.

The reinsurers' share of unearned commissions is recognized as a liability in a manner which is consistent with the method used in determining deferred policy acquisition costs.

The reinsurers' share of unearned premiums is recognized as an asset in a manner which is consistent with the method used in determining the unearned premium liability.

**Foreign Currency**

Monetary items denominated in foreign currencies are adjusted to reflect the exchange rate in effect at the year-end. Revenue and expense items in foreign currencies are translated at the exchange rate in effect at the transaction date. Unrealized gains and/or losses arising on translation are charged to operations in the current year.

The Corporation uses currency swaps and forward exchange contracts to manage the currency risk on specific foreign exchange denominated assets. Any gains or losses are recorded in the Statement of Operations under the heading "Investment income, net." on a fair value basis.

**Basic Insurance Rate Stabilization Reserve**

The basic insurance rate stabilization reserve relates to basic compulsory automobile insurance and is intended to protect motorists from rate increases made necessary by unexpected events and losses arising from non-recurring events or factors.

**Retained Earnings**

Retained earnings are comprised of the accumulation of net income or losses for the extension, special risk and discontinued lines of business.

**Measurement Uncertainty**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

## 4 | CASH AND INVESTMENTS

| | 2005 | | 2004 | |
|---|---|---|---|---|
| | CARRYING VALUE | FAIR VALUE | CARRYING VALUE | FAIR VALUE |
| | (IN THOUSANDS OF DOLLARS) | | | |
| Cash and short-term investments | $ 58,707 | $ 58,707 | $ 87,888 | $ 87,888 |
| Bonds | | | | |
| Federal | 271,502 | 296,870 | 219,320 | 237,756 |
| Manitoba: | | | | |
| Provincial | 175,945 | 183,503 | 121,391 | 129,931 |
| Municipal | 58,681 | 58,960 | 40,373 | 40,429 |
| Hospitals | 14,581 | 14,596 | 14,972 | 14,989 |
| Schools | 293,851 | 293,851 | 279,185 | 279,185 |
| Other Provinces | 361,006 | 381,413 | 356,054 | 378,691 |
| Corporations | 96,799 | 99,718 | 67,819 | 70,910 |
| Equity-linked note | 20,000 | 20,000 | 20,000 | 20,000 |
| | 1,292,365 | 1,348,911 | 1,119,114 | 1,171,891 |
| Other | 5,734 | 5,734 | 4,874 | 4,874 |
| Equity investments | 282,161 | 318,620 | 247,993 | 263,148 |
| | 287,895 | 324,354 | 252,867 | 268,022 |
| | $1,638,967 | $1,731,972 | $1,459,869 | $1,527,801 |

Fair value, for cash and short-term investments, approximates carrying value due to the short-term maturity of these financial instruments.

The fair value of bonds for federal, provincial, certain municipal, other provinces and corporations is estimated based on bid prices of these or similar investments.

The fair value of certain municipal, hospitals, school bonds and other is based on their carrying value which approximates market value.

The fair value of the equity-linked note and equity investments is based upon quoted market values. Subsequent to February 28, 2005 capital gains amounting to $23.2 million were realized from the equity investment portfolio.

The fair value of the portfolio of total return swaps is based upon market prices of the underlying stock market indices at the balance sheet date, net of estimated unwinding costs.

**Investment Risk**

Investments carry certain financial risks including interest rate, cash flow and credit risk. The Corporation manages these risks through the Investment Committee of the Board, which meets quarterly to discuss strategy. The investment objectives and goals of the Corporation are embodied in an Investment Policy document, which sets target asset allocation and portfolio concentration limits as well as defining the credit quality of the counterparties and the percentage of highly liquid investments required to meet cash flow needs.

Significant terms and conditions, exposure to interest rate and credit risks on investments are:

*i) Cash and short-term investments*

Cash consists of cash net of cheques issued in excess of amounts on deposit. Included in cash and short-term investments are funds held in trust on behalf of other insurance companies in the amount of $5,963,000 (2004 - $11,576,000).

Short-term investments have a total principal amount of $44,762,000 (2004 - $74,436,000) comprised of provincial short-term deposits with effective interest rates of 2.35% to 2.40% (2004 – 2.05% to 2.25%), with interest receivable at varying dates.

*ii) Bonds - interest rate risk*

| | | 2005 | | 2004 | |
|---|---|---|---|---|---|
| | INTEREST RECEIVABLE BASIS | EFFECTIVE RATE | COUPON RATE | EFFECTIVE RATE | COUPON RATE |
| | | % RANGE | | % RANGE | |
| Federal | semi-annual | 2.25 to 4.77 | 3.00 to 8.75 | 2.39 to 5.05 | 4.00 to 8.75 |
| Provincial | semi-annual | 2.48 to 5.76 | 2.63 to 8.50 | 2.24 to 11.03 | 2.71 to 10.50 |
| Municipal | semi-annual | 3.56 to 12.20 | 5.15 to 12.63 | 2.27 to 13.51 | 5.38 to 14.88 |
| Hospitals | semi-annual | 10.13 to 11.11 | 10.13 to 11.13 | 10.13 to 13.49 | 10.13 to 13.63 |
| Schools | semi-annual | 5.55 to 11.84 | 5.63 to 12.50 | 5.66 to 13.61 | 5.75 to 14.75 |
| Corporations | semi-annual | 2.62 to 5.01 | 2.62 to 11.00 | 1.97 to 5.20 | 3.96 to 11.00 |

The Corporation has allocated investments with an average yield of 9.79% (2004 – 10.5%) to maturity to fully fund pre-March 1, 1994 weekly indemnity discounted unpaid claims of approximately $22.8 million.

*iii) Bonds - maturity profile*

| 2005 | WITHIN ONE YEAR | ONE YEAR TO FIVE YEARS | AFTER FIVE YEARS | TOTAL CARRYING VALUE |
|---|---|---|---|---|
| | (IN THOUSANDS OF DOLLARS) | | | |
| Federal | $ 569 | $ 32,469 | $ 238,464 | $ 271,502 |
| Manitoba: | | | | |
| Provincial | 4,205 | 66,575 | 105,165 | 175,945 |
| Municipal | 309 | 8,961 | 49,411 | 58,681 |
| Hospitals | — | 14,581 | — | 14,581 |
| Schools | 699 | 33,946 | 259,206 | 293,851 |
| Other Provinces | — | 86,465 | 274,541 | 361,006 |
| Corporations | — | 74,792 | 22,007 | 96,799 |
| | 5,782 | 317,789 | 948,794 | 1,272,365 |
| Equity-linked note | — | 20,000 | — | 20,000 |
| | $ 5,782 | $ 337,789 | $ 948,794 | $ 1,292,365 |

| 2004 | WITHIN ONE YEAR | ONE YEAR TO FIVE YEARS | AFTER FIVE YEARS | TOTAL CARRYING VALUE |
|---|---|---|---|---|
| | | (IN THOUSANDS OF DOLLARS) | | |
| Federal | $ — | $ 41,494 | $177,826 | $ 219,320 |
| Manitoba: | | | | |
| Provincial | 2,030 | 37,119 | 82,242 | 121,391 |
| Municipal | 2,376 | 5,718 | 32,279 | 40,373 |
| Hospitals | 196 | 14,776 | — | 14,972 |
| Schools | 1,420 | 23,145 | 254,620 | 279,185 |
| Other Provinces | 5,219 | 89,880 | 260,955 | 356,054 |
| Corporations | 8,103 | 33,835 | 25,881 | 67,819 |
| | 19,344 | 245,967 | 833,803 | 1,099,114 |
| Equity-linked note | — | 20,000 | — | 20,000 |
| | $19,344 | $265,967 | $833,803 | $1,119,114 |

**Currency Risk**

*i) Currency swap*

The Corporation has entered into a currency swap relating to a Province of Quebec provincial bond denominated in US dollars for $10,000,000. The currency swap provides a fixed 5.76% return in Canadian dollars. The agreement also provides that at predetermined future dates, the Corporation pays a fixed 7.5% rate based on the US $10,000,000 par value of the bond and receives 5.76% return based on a Canadian dollar notional value of $13,350,000. The maturity date of the currency swap and the bond is July 15, 2023.

*ii) Foreign exchange contracts*

The Corporation has entered into monthly foreign exchange forward contracts which provide that the Corporation sells a specified amount of US dollars at a predetermined forward exchange rate and purchases the same amount of US dollars at the prevailing spot rate on the settlement date. At February 28, 2005, the Corporation has contracted to sell US $70,000,000 at a forward rate of 1.2295 and purchase the same amount of US dollars at the spot rate on March 31, 2005.

## 5 | PROPERTY AND EQUIPMENT

| | 2005 | | | 2004 |
|---|---|---|---|---|
| | COST | ACCUMULATED AMORTIZATION | CARRYING VALUE | CARRYING VALUE |
| | | (IN THOUSANDS OF DOLLARS) | | |
| Land | $ 2,006 | $ — | $ 2,006 | $ 2,061 |
| Land improvements | 3,878 | 1,701 | 2,177 | 2,322 |
| Buildings | 26,730 | 9,408 | 17,322 | 16,900 |
| Equipment | 48,250 | 38,942 | 9,308 | 7,778 |
| | 80,864 | 50,051 | 30,813 | 29,061 |
| Leasehold improvements | 1,760 | 1,554 | 206 | 222 |
| | $82,624 | $51,605 | $31,019 | $29,283 |

## 6 | PROVISION FOR EMPLOYEE FUTURE BENEFITS

The Corporation has a defined benefit pension plan, severance benefit plan and a post-retirement extended health benefit plan, available to eligible employees. The defined benefit pension plan is based on years of service and final average salary whereas the severance benefit plan is based on years of service and final salary.

The Corporation uses an actuarial valuation, on an annual basis, to measure the accrued provision for its benefit plans. The most recent actuarial valuation was conducted by an external pension actuary as at December 31, 2004, with the next scheduled actuarial valuation being December 31, 2005.

The actuarial valuation is based on the Corporation's best estimate of various economic assumptions. Results from the most recent actuarial valuation, projected to February 28/29 and the corresponding economic assumptions, are as follows:

| | PENSION BENEFIT PLAN | | OTHER BENEFIT PLAN | |
|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 |
| **Economic assumptions:** | | | | |
| Discount rate | 5.75% | 5.75% | 5.75% | 5.75% |
| Inflation rate | 2.00% | 2.00% | — | — |
| Expected salary increase | 2.75% | 2.75% | — | — |
| Expected health care cost increase | — | — | 6.00% | 5.00% |
| | (IN THOUSANDS OF DOLLARS) | | | |
| Balance, beginning of year | $ 102,257 | $ 93,241 | $ 19,726 | $ 14,716 |
| Current service cost | 5,042 | 4,481 | 1,979 | 4,283 |
| Interest cost | 5,960 | 5,633 | 253 | 174 |
| Benefits paid | (2,184) | (2,098) | (943) | (614) |
| Actuarial (gains) losses | (543) | 1,000 | 1,105 | 1,167 |
| Transfer from Province of Manitoba | — | — | 2,529 | — |
| Balance, end of year | $ 110,532 | $ 102,257 | $ 24,649 | $ 19,726 |
| Unamortized actuarial losses | | | | |
| Balance, beginning of year | $ (12,497) | $ (11,796) | $ — | $ — |
| Actuary gains (losses) | 543 | (1,000) | — | — |
| Amoritization of actuarial losses (gains) | 445 | 299 | — | — |
| Balance, end of year | $ (11,509) | $ (12,497) | $ — | $ — |
| Provision for employee future benefits | $ 99,023 | $ 89,760 | $ 24,649 | $ 19,726 |
| Employee contribution | $ 4,307 | $ 3,851 | $ — | $ — |

**Plan Assets**

The Corporation has not segregated investment assets to fund the benefit plans. Funding occurs as benefits are paid. The Corporation has established a provision against general assets, which is being increased to match the increase in its benefit plan liabilities. The interest cost associated with the various benefit plans is based on market interest rates at the most recent valuation date.

| | PENSION BENEFIT PLAN | | OTHER BENEFIT PLAN | |
|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 |
| | (IN THOUSANDS OF DOLLARS) | | | |
| Plan expenses for the year | | | | |
| Current services cost | $ 5,042 | $ 4,481 | $ 1,979 | $ 4,283 |
| Interest cost (Note 10) | 5,960 | 5,633 | 253 | 174 |
| Amortized actuarial losses | | | | |
| pertaining to interest (Note 10) | 278 | 188 | — | — |
| pertaining to expense | 167 | 111 | — | — |
| Actuarial losses | — | — | 1,105 | 1,167 |
| | $ 11,447 | $ 10,413 | $ 3,337 | $ 5,624 |

### Sensitivity Analysis

Health care cost rates have an effect on the amount reported for post-retirement benefit plans. A one percent change, increase or decrease, in the expected health care cost rate would have a $900,000 effect on the carrying value of the post-retirement plan liability.

## 7 | PROVISION FOR UNPAID CLAIMS

The provision for unpaid claims, including adjustment expenses, represents an estimate for the full amount of all costs and the projected final settlement of claims incurred.

The provision for unpaid claims, including adjustment expenses, is subject to variability. This variability is related to future events that arise from the date the loss was reported to the ultimate settlement of the claims. Accordingly, short-tail claims such as physical damage claims tend to be more reasonably predictable than long-tail claims such as public liability claims. Factors such as the receipt of additional claims information during the claims settlement process, changes in severity and frequencies of claims from historical trends and effects of inflationary trends contribute to this variability.

The determination of the provision for unpaid claims, including adjustment expenses, relies on judgment, analysis of historical claim trends, investment rates of return and expectation on the future development of claims. The process of establishing this provision necessarily involves risks which could cause the actual results to deviate, perhaps substantially, from the best determinable estimate.

The provision for unpaid claims, including adjustment expenses, by major claims category includes

| | 2005 | | 2004 | |
|---|---|---|---|---|
| | GROSS | REINSURERS' SHARE | GROSS | REINSURERS' SHARE |
| | (IN THOUSANDS OF DOLLARS) | | | |
| Automobile Insurance Division | | | | |
| Liability | $ 1,077,295 | $ 45,118 | $ 1,015,966 | $ 53,158 |
| Physical Damage | 111,055 | 77 | 101,061 | 226 |
| | 1,188,350 | 45,195 | 1,117,027 | 53,384 |
| Discontinued Operations | | | | |
| Personal/Commercial | 7,849 | — | 8,168 | — |
| | $ 1,196,199 | $ 45,195 | $ 1,125,195 | $ 53,384 |

The provision for unpaid claims, including adjustment expenses, is discounted using the following discount rates:

| | 2005 | |
|---|---|---|
| | **BENEFITS** | **INTEREST RATE ASSUMPTIONS** |
| | Pre-PIPP Weekly Indemnity | 9.0% for six years and 3.0% thereafter |
| | All other coverages | By year – 5.70%, 5.35% and 5.00% thereafter |
| | PIPP Other than death and impairment | 3.0% per year |

| | 2004 | |
|---|---|---|
| | **BENEFITS** | **INTEREST RATE ASSUMPTIONS** |
| | Pre-PIPP Weekly Indemnity | 9.0% for seven years and 3.0% thereafter |
| | All other coverages | By year – 6.05%, 5.70%, 5.35 and 5.00% thereafter |
| | PIPP Other than death and impairment | 3.0% per year |

** PIPP—Personal Injury Protection Plan*

According to accepted actuarial practice, the discounted reserve includes a provision for adverse deviation of $200.5 million (2004 - $181.2 million) comprised of a claims development component of $118.0 million (2004 - $110.5 million) and an interest rate component of $82.5 million (2004 - $70.7 million).

No catastrophic losses are included in net incurred claims and adjustment expenses during the current fiscal year (2004 – $ nil). Catastrophes are an inherent risk to the Corporation and may contribute materially to the year-to-year fluctuations in the Corporation's results of operations and financial condition when they occur.

Unpaid claim liabilities are carried at values which reflect their remaining estimated ultimate costs for all accident years.

Changes in the estimate of net unpaid claims, recognized during the fiscal year ended February 28, 2005 for prior years are as follows:

| | ACCIDENT YEARS | | | | |
|---|---|---|---|---|---|
| | **2004** | **2003** | **2002** | **2001 AND PRIOR** | **Total** |
| | (IN THOUSANDS OF DOLLARS) | | | | |
| Net unpaid claims (valuation estimate as at February 29, 2004) | $ 281,967 | $ 150,787 | $ 109,459 | $ 529,598 | |
| Net payments for the year | 99,839 | 16,718 | 7,196 | 26,215 | |
| | 182,128 | 134,069 | 102,263 | 503,383 | |
| Net unpaid claims (revised valuation estimate as at February 28, 2005) | 163,357 | 124,492 | 91,592 | 494,406 | |
| (Redundancy) Deficiency | $ (18,771) | $ (9,577) | $ (10,671) | $ (8,977) | $ (47,996) |
| Prior years (redundancy) deficiency | | $ (34,418) | $ (989) | $ 31,863 | $ (3,544) |

The claims settlement processes may involve the use of structured settlements, which are purchased through various financial institutions. As of the balance sheet date, the present value of expected payments total $130.2 million (2004 - $122.0 million) based on various dates of purchase. The Corporation assumes a financial guarantee to make payments to claimants in the event that financial institutions default on payments under the terms of the structured settlement

Changes in the estimate of net unpaid claims for discontinued operations recognized during the fiscal year ended February 28, 2005 are $0.3 million (2004 - $0.6 million). All of the net unpaid claims relate to loss dates prior to October 1, 1990.

## 8 | REINSURANCE

The Corporation follows the practice of obtaining reinsurance to limit its exposure to losses. Under agreements in effect at February 28, 2005, these reinsurance agreements limit the Corporation's exposure to a maximum amount of $3.0 million (2004 - $2.5 million) on any one occurrence.

The reinsurance arrangements also limit the Corporation's liability in respect to a series of claims arising out of a single occurrence, including catastrophic claims, to a maximum of $10.0 million (2004 - $5.0 million). These arrangements protect the Corporation against losses up to $150.0 million (2004 - $150.0 million).

Certain lines of insurance carry maximum limits lower than these amounts. While these arrangements are made to protect against large losses, the primary liability to the policyholders remains with the Corporation.

The Corporation evaluates the financial condition of its reinsurers to minimize the exposure to significant losses from reinsurer insolvency.

The figures shown in the Statement of Operations, excluding discontinued operations, are net of the following amounts relating to reinsurance ceded to other companies:

| | 2005 | 2004 |
|---|---|---|
| | (IN THOUSANDS OF DOLLARS) | |
| Premiums earned | $ 16,131 | $ 14,749 |
| Claims incurred | $ (660) | $ 14,781 |

The Corporation holds collateral in regards to unregistered reinsurance in the form of amounts on deposit and letters of credit of $0.7 million (2004 – $2.4 million).

## 9 | OPERATING LEASE COMMITMENTS

The Corporation is committed to make minimum annual operating lease payments for buildings and equipment. The minimum annual lease payments required are approximately as follows:

| FISCAL YEAR | 2006 | 2007 | 2008 | 2009 | 2010 | THEREAFTER |
|---|---|---|---|---|---|---|
| | | | (IN THOUSANDS OF DOLLARS) | | | |
| Minimum lease payments | $ 2,815 | $ 2,557 | $ 2,494 | $ 2,546 | $ 2,546 | $ 8,314 |

## 10 | INVESTMENT INCOME, NET

| | 2005 | 2004 |
|---|---|---|
| | (IN THOUSANDS OF DOLLARS) | |
| Total investment income | $ 94,855 | $ 134,944 |
| Less allocation to: | | |
| Provision for pension benefit plan (Note 6) | 6,238 | 5,821 |
| Investment income, net | $ 88,617 | $ 129,123 |

Included in total investment income are cash dividends of $5.4 million (2004 - $4.0 million).

## 11 | DISCONTINUED GENERAL INSURANCE OPERATIONS

The Corporation discontinued writing reinsurance assumed business effective November 18, 1987 and personal and commercial insurance policies effective October 1, 1990.

As of February 28, 2001 the Corporation accepted a third party offer to purchase the reinsurance assumed business from the Corporation. Under the terms of the agreement, the Corporation transferred and assigned to the third party the title, interest and all of the obligations resulting from the uncommuted reinsurance assumed treaties written by the Corporation for the period July 1, 1975 to November 18, 1987 including retrocessional treaties. The obligations include all known or unknown liabilities. The primary liability to the treaty holders remains with the Corporation in the event of the third party's insolvency.

Claims costs and expenses on personal and commercial policies will be incurred until all claims on existing policies are settled.

Discontinued operations resulted in a net income of $637,000 (2004 - $764,000), which is reported as part of the Special Risk Extension line of business (note 12). Included in the provision for unpaid claims is $7.8 million (2004 - $8.2 million) relating to discontinued operations.

## 12 | NET INCOME (LOSS)

The lines of business reported net income (loss) as follows:

| | 2005 | 2004 |
|---|---|---|
| | (IN THOUSANDS OF DOLLARS) | |
| Basic insurance | $ 59,105 | $ 3,358 |
| Extension insurance | 7,031 | 8,001 |
| Special risk extension | 12,397 | 25,904 |
| | 19,428 | 33,905 |
| Net income (loss) | $ 78,533 | $ 37,263 |

## 13 | TRANSFER OF RETAINED EARNINGS

Annually on March 1, the Corporation transfers to the Basic Insurance Rate Stabilization Reserve, retained earnings in excess of the approved target levels from the Special Risk Extension and Extension lines of business. The approved target levels at February 28, 2005 are:

| LINE OF BUSINESS | TARGET LEVEL |
|---|---|
| Special Risk Extension | $33.0 Million |
| Extension | $39.0 Million |

At March 1, 2005 the transfer from Special Risk Extension and Extension lines of business will approximate $19.4 million (2004 - $33.9 million).

## 14 | FAIR VALUE DISCLOSURE

The fair value of financial assets and liabilities, other than cash and investments (note 4) and provision for unpaid claims (note 7), approximates their carrying values due to the immediate or short-term maturity of these financial instruments.

## 15 | EXTERNAL AUDITOR AND EXTERNAL ACTUARY COSTS

The Basis of Reporting note (note 2) provides information on the appointment of the external auditors and external actuary. In the normal course of business, and in addition to the annual attest audit of the Corporation's financial statements and valuation of policy liabilities, the external auditor and external actuary provided advisory services to the Corporation.

Costs incurred for services rendered are:

| | 2005 | 2004 |
|---|---|---|
| | (IN THOUSANDS OF DOLLARS) | |
| **KPMG** LLP | | |
| Audit Fees | $ 114 | $ 106 |
| Advisory Fees | 1 | 9 |
| Total | $ 115 | $ 115 |
| **ERNST & YOUNG** LLP | | |
| Valuation of Policy Liabilities Fees | $ 74 | $ 120 |
| Actuarial Advisory Fees | 56 | 99 |
| Management Advisory Fees | 27 | 26 |
| Total | $ 157 | $ 245 |

## 16 | DRIVER LICENCING OPERATIONS RECOVERY

Effective October 4, 2004, the Province of Manitoba transferred the management and administration of driver licencing to the Corporation, including all aspects pertaining to driver safety, vehicle registration and driver licencing including all related financial, administrative and data processing services.

The Province of Manitoba has agreed to provide funding to the Corporation, in the amount of $21.0 million annually, into perpetuity, payable in equal monthly instalments of $1.75 to defray the cost borne by the Corporation as a result of the transfer. For the period October 4, 2004 to February 28, 2005, this amounts to $8.75 million.

The Corporation, on behalf of the Province of Manitoba, collects and transfers motor vehicle registration fees to the Province of Manitoba. Effective October 4, 2004, the Corporation is also responsible for collecting and transferring driver licencing fees to the Province of Manitoba.

Fees collected on behalf of and transferred to the Province of Manitoba include:

| | 2005 | 2004 |
|---|---|---|
| | (IN THOUSANDS OF DOLLARS) | |
| Vehicle registration fees (March 1, 2004 – February 28, 2005) | $ 90,177 | $ 75,765 |
| Driver licencing fees (October 4, 2004 – February 28, 2005) | 7,591 | — |
| | $ 97,768 | $ 75,765 |

## 17 | COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the current year financial statement presentation.

## ADMINISTRATIVE OFFICES

**Brandon**
731–1st Street R7A 6C3
Tel: 729–9400
Head Office and Special Risk Extension

**Winnipeg**
Box 6300 R3C 4A4
Tel: 985–7000

**Outside Winnipeg**
Tel: 1–800–665–2410

**Deaf access TTY/TDD**
Tel: 985–8832

## CLAIM OFFICES

### WINNIPEG LOCATIONS

**North**
445 King Street R2W 5H2
Fax: 942–8317

**North Central**
1103 Pacific Avenue
R3E 1G7
Fax: 783–2764

**South**
930 St. Mary's Road
R2M 4A8
Fax: 254–0308

**South Central**
420 Pembina Highway
R3L 2E9
Fax: 284–7675

**West**
125 King Edward Street East
R3H 0V9
Fax: 783–0374

**Casualty and Rehabilitation**
Box 6300 R3C 4A4
Tel: 985–7200

**Rehabilitative Case Management**
Box 6300 R3C 4A4
Tel: 985–7200

**Bodily Injury**
Box 6300 R3C 4A4
Tel: 985–7000

**Physical Damage Centre**
1981 Plessis Road
Box 45064
Regent Postal Outlet
R2C 5C7
Tel: 985–7771

Holding Compound
Tel: 985–7766

Salvage
Tel: 985–7844

Commercial Claims
Tel: 985–7877

### PROVINCIAL LOCATIONS

**Arborg**
323 Sunset Boulevard
Box 418 R0C 0A0
Tel: 376–6633

**Beausejour**
848 Park Avenue
Box 100A R0E 0C0
Tel: 268–6400

**Brandon**
731–1st Street R7A 6C3
Tel: 729–9555 Claim Centre
Tel: 1–800–852–2743 Rural

**Dauphin**
217 Industrial Road
Box 3000 R7N 2V5
Tel: 622–2750

**Flin Flon**
8 Timber Lane
Box 250 R8A 1M9
Tel: 681–2200

**Portage la Prairie**
2007 Saskatchewan Avenue West
Box 1150 R1N 3J9
Tel: 856–2600

**Selkirk**
630 Sophia Street R1A 2K1
Tel: 482–1400

**Steinbach**
91 North Front Drive
Box 2139 R5G 1N7
Tel: 326–4453

**Swan River**
125–4th Avenue North
Box 1959 R0L 1Z0
Tel: 734–4574

**The Pas**
424 Fischer Avenue
Box 9100 R9A 1R5
Tel: 627–2200

**Thompson**
53 Commercial Place
Box 760 R8N 1N5
Tel: 677–1400

**Winkler**
355 Boundary Trail
Box 1990 R6W 4B7
Tel: 325–9538

## DRIVER AND VEHICLE LICENCING CENTRES

### WINNIPEG LOCATIONS

1075 Portage Avenue R3G 0S1
Tel: 985-1100

3137 Portage Avenue R3K 0W4
Tel: 985-1100

1504 St. Mary's Road R2M 3V7
Tel: 985-1100

2020 Corydon Avenue R3P 0N2
Tel: 985-8992

2188 McPhillips Street R2V 3C8
Tel: 985-8984

1006 Nairn Avenue R2L 0Y2
Tel: 985-8043

### PROVINCIAL LOCATIONS

**Portage la Prairie**
Provincial Building
25 Tupper Street N. R1N 3K1
Tel: 856-2624

**Brandon**
602 1st Street (at McTavish Ave.)
R7A 6K5
Tel: 729-9487

**Dauphin**
Provincial Building
27-2nd Avenue S.W. R7N 3E5
Tel: 622-2783

**Thompson**
Provincial Building
105 – 59 Elizabeth Drive
R8N 1X4
Tel: 677-1421